

**MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE**

**Date of Meeting: 12<sup>th</sup> December 2011**

**PRESENT: Councillor Aldred (Chair)  
Councillors Driver, Essex, Oakes, Neal, Robertson**

**IN ATTENDANCE: Mr M Ali, Co-opted Member  
Mr P Seddon, Head of Finance and Property Services  
Mr A Fox, Principal Auditor, Lancashire Audit Service  
Mr Z Abbas, Senior Auditor, Lancashire Audit Service  
Ms K Murray, District Auditor, Audit Commission  
Mr T Hough, Audit Manager, Audit Commission  
Mr J Foster, Operations Manager  
Mrs J Cook, Committee Officer**

**1 member of the public**

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**1. INTRODUCTIONS**

1.1 The Chair asked all present at the meeting to introduce themselves and welcomed the new District Auditor, Karen Murray to the meeting.

**2. APOLOGIES FOR ABSENCE**

2.1 Apologies had been received from Councillor Morris (Councillor Essex substituting) and Councillor Evans.

**3. MINUTES OF THE MEETING HELD ON 6<sup>TH</sup> SEPTEMBER 2011**

3.1 It was noted that after the meeting of 6<sup>th</sup> September 2011, Councillor Oakes had been appointed as Vice Chair of the Audit and Accounts Committee.

**Resolved:**

The minutes of the meeting held on 6<sup>th</sup> September 2011 were agreed as a correct record.

**4. URGENT ITEMS OF BUSINESS**

4.1 The Chair confirmed that there were no urgent items of business.

**5. DECLARATIONS OF INTEREST**

5.1 No declarations of interest were received.

## **6. PUBLIC QUESTION TIME**

- 6.1 The Chair agreed to deviate from the procedure for public speaking and allow the member of public present to ask questions as items on the agenda were presented.

## **7. CHAIR'S UPDATE**

- 7.1 National Non Domestic Rates – following a question asked regarding NNDR and whether the interest on empty shops, particularly in the Valley Centre, was added and backdated after a 'holiday' period. The Head of Finance confirmed that an application had been made to take the Valley Centre premises off the ratings list. In addition, in general terms, any 8% interest charged after a 'holiday' period only applied to charges and statutory debts against a building only. This did not apply to the Valley Centre premises.
- 7.2 Markets Update – following a question asked at the previous meeting regarding the financial position of the markets, the Head of Finance confirmed that the status of the markets had not changed from previous financial updates – Rawtenstall was in profit (c. £22k) Bacup had made a small profit (c £7k) and Haslingden was making a small loss (c £6k). It was confirmed that Haslingden Market was being monitored and decisions would be made in due course.
- 7.3 Solar Panels – the Chair confirmed that committee members had been updated on this matter. The Head of Finance confirmed that the panels had been purchased via a grant.

Post meeting note: The Head of Finance has since confirmed that the capital cost of £12k was fully covered by external grant. The panels have reduced RBC consumption by the equivalent of £1.5k pa plus RBC are in receipt of a subsidy of £0.8k pa.

- 7.4 The Chair confirmed that the full audit report for LI82ai had been circulated to Committee Members and was the next item on the agenda.
- 7.5 The Chair noted that Mr M Ali had asked a question prior to the Committee about whether the Council's Corporate and Departmental Risk Registers were reviewed by any of the Council Committees and, if so, which ones? The Chair confirmed that these are incorporated into the Corporate Plan which is agreed by full council on a 3-yearly cycle.

## **8. OPERATIONS UPDATE – PROGRESS ON LI82AI**

- 8.1 The Operations Manager introduced the report which provided Members with an update on works carried out to implement recommendations previously made during an audit review of waste and recycling.

- 8.2 Recommendation 1 - progress against missed collections should be recorded on Covalent and monitored at more frequent intervals. The Operations Manager confirmed that this was now recorded as local indicator OP1 with a suggested target of 35 per month. The information was being monitored and baseline data was being collated.
- 8.3 Recommendation 2 – Performance for LI82ai should be reported to Councillors to enable monitoring of the initiatives designed to deliver improvements to household recycling in the borough. The Operations Manager confirmed that this is reported on Covalent. Rossendale was currently running at 23.29% against a target of 28.5%, however the Operations Manager noted that Rossendale was currently in the top quartile for dry recycle in Lancashire.
- 8.4 Recommendation 3 – Recycling targets should be reviewed to ensure that they take account of factors that may inhibit the achievable performance. The Operations Manager confirmed that this would be picked up as part of the Operations Team business plan objective as detailed at 8.3 (above).
- 8.5 The Operations Manager noted that Councillor Morris had submitted questions prior to the Committee and answered them as follows:-
1. Can the dry recycle recorded against LI82ai include items recycled at household recycling centres?  
The Operations Manager stated that this was not possible, as these figures were part of Lancashire County Council's figures as part of their own targets.
  2. Not all residents have the facility to recycle, what plans does the council have to get all residents onto a recycling programme?  
The Operations Manager stated that 99.9% of residents have a recycling collection service, with approximately 8 houses in the Haslingden area having no facility for storage of recycling bins. A new project was being commenced as part of the Operations Team's business plan introduce waste policies and communication/action plans to assist in bringing these properties onto a recycling programme and to ultimately reduce waste sent to landfill.
- 8.6 Members commented on the report as follows:-
- The Operations Manager was thanked for his report.
  - It was noted that this performance indicator was now monitored by Performance Scrutiny, with a focus on fuel costs. The Operations Manager confirmed that 'spot buying was carried out directly from suppliers which enabled the Council to save on fuel costs.
  - It was noted that the scrutiny of performance targets did not take into account 'lifestyle choices' such as choosing items with less packaging, home composting etc. It was further noted that any reduction in landfill charges was positive.

- The Operations Manager agreed to investigate the instances of missed bins for those rounds which operated on a Friday. It was noted that on average the Council collected 3.5m bins per annum and out of those, approximately 2,000 were missed.
- The Operations Manager provided clarification of energy/fuel saving devices which were fitted to refuse wagons.
- It was confirmed that the Council was still part of the Lancashire Waste Management Scheme until 2014 and that there were no penalties involved in not meeting recycling targets.
- Clarification was given regarding the Waste and Recycling Officer post and it was confirmed that this was a post which was shared with Pendle Borough Council.
- Discussions took place regarding the closure of Rakehead Tip by Lancashire County Council.

8.7 In response to questions from the member of public, the Operations Manager confirmed that refuse operatives started work at 6.30am, carried out a 15 minute vehicle check, thereby leaving the depot at 6.45am. Vehicles were tracked and the Operations Manager was not aware of any statutory laws which would govern start times of refuse vehicles. In addition, the Operations Manager confirmed the protocols, should a vehicle be damaged at one of the tip sites, and stated that if areas were being missed by street cleaning vehicles, the member of public should contact the Operations Team directly. The Operations Manager noted that recording of fuel costs in £ rather than mpg was a good idea.

**Resolved:**

1. That the contents of the report are noted.
2. That any future scrutiny of LI82ai be monitored by Performance Overview and Scrutiny Committee.

**9. INTERNAL AUDIT PROGRESS REPORT**

9.1 The Principal Auditor introduced the report and highlighted the key issues and themes arising from the period of audit.

9.2 CLAW Financial Controls

Substantial assurance had been given over the controls in place for CLAW's financial controls system. Some recommendations had been made with respect to pricing structures, timesheets, bar auditor's reports, display of insurance documentation, repositioning of CCTV camera in the bar area and access restrictions with regard to the Company Secretary's home PC and the use of memory sticks for transferring data between PCs. It was noted that work had commenced on these recommendations and that this work would be followed up in 2012.

### 9.3 Procurement

The Principal Auditor confirmed that audit works carried out in 2009/10 with regard to procurement had been revisited and confirmed that 4 out of 5 of the recommendations made had been complied with. It was noted that assurances had been obtained from the Council's management that an exception report would be produced quarterly, which would show expenditure outside of a formal contract or where the normal contract rules had not been applied.

### 9.4 Internal Audit Plan 2011/12

It was confirmed that out of 260 planned days, 160 days have been spent so far in delivering the 2011/12 audit plan in the period up to 31<sup>st</sup> October 2011.

### 9.5 Corporate Governance

It was noted that substantial assurance had been given with regards to corporate governance matters. The Bribery Act had been communicated and procedures and policies were in place. It was noted that Officers were recommended to update their register of interests on an annual basis and at present only 6 officers had registered any interest. It was, however, noted that this may be the correct figure. It was noted that Councillors interests also required annually updating to ensure all interests are fully up-to-date.

### 9.6 Information Governance

It was noted that limited assurance had been given with regard to the information governance framework and management of information risks. Recommendations had been made with regard to developing information governance arrangements and these would be monitored. It was confirmed that the Senior Information Risk Owner (SIRO) role had been taken on corporately by the Council's Management Team.

### 9.7 Elections

It was noted that substantial assurance had been given with regard to the controls in place for the council's elections systems. Recommendations had been made with regard to the payment of staff for election duties and the need to implement a formal policy for this and the need for a formally documented method of approval of election fees.

### 9.8 Service Assurance Team

It was noted that substantial assurance had been given with regard to the controls in place for the Council's contract management arrangements over the arrangements with Capita. Recommendations had been made with regard to the need to update contractual documentation and to provide clarification in performance reports to the Operational Board.

### 9.9 Members commented on the report as follows:-

- The importance of CLAW regularly revisiting their charging structure.

- The importance of ensuring Officers' and Members' interests are regularly updated. It was noted that this should be monitored by the Standards Committee.
- Information governance – it was noted that this encompassed all ICT equipment and ICT associated communications.
- Concerns were raised regarding payments of existing staff for election duties on top of their wage. It was noted that the Auditors had raised no concerns regarding this; however felt it important to ensure a clear policy was in place. The District Auditor stated that this was standard practice at most Councils and could minimise risk.
- It was noted that changes to benefits and Universal Credit could have an impact on the Service Assurance Team's systems, however it was also noted that the biggest risk would be to those Councils who had retained their housing stock. It was noted that the Council would be better placed to undertake a full risk assessment once additional guidance was received from central government.

9.10 The member of public raised financial concerns regarding the Council's leisure projects. It was noted that the Council regularly publicised the financial information surrounding its projects and the Leisure Trust had its own independent auditors.

**Resolved:**

That the Internal Audit Progress Report to the period 31<sup>st</sup> October 2011 is noted.

**10. ANNUAL AUDIT LETTER 2010/11**

10.1 The District Auditor introduced the Annual Audit Letter 2010/11, noted that this had not changed from its presentation at the September 2011 meeting and that this was a formally required document to be presented each year. No significant weaknesses were identified within the Council's internal control arrangements. It was noted that the Council's Statement of Accounts were ready for inspection well before the 30<sup>th</sup> September deadline and the Annual Audit Letter was generally very positive.

10.2 Members commented on the report as follows:-

- Discussion took place regarding audit fees and it was noted that the charging structure for next year was not yet known. It was confirmed that the rebate was anticipated to be in the region of £7k.

**Resolved:**

That the Annual Audit Letter 2010/11 is noted.

## **11. AUDIT COMMISSION PROGRESS REPORT**

- 11.1 The Audit Manager introduced the report and explained that this was a new report which would update the Council on the work of the Audit Commission, giving both a local and national picture. The report also provided an update on the externalisation of the Audit Practice.
- 11.2 The District Auditor provided an update on the externalisation of the Audit Practice and it was noted that consultations with local authorities and the NHS were underway with the final decision on what the Audit Practice framework will be to be made by the Department for Communities and Local Government. It was anticipated that the new framework would be in place within 3-5 years.
- 11.3 Members commented on the report as follows:-
- Private sector audit fees were discussed and noted.
  - Clarification was given of 'material systems' and it was noted that items such as the Valley Centre purchase would be classed as an 'asset' and subject to the audit process.

### **Resolved:**

That the report is noted.

**The meeting commenced at 6.30pm and finished at 8.10pm**

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Signed (Chair)

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Date