

# AUDIT COMMITTEE AGENDA



**Tuesday, 29 September 2009**

**at 2.00 pm**

**in Committee Room A, Civic Centre, Hartlepool**

MEMBERS: AUDIT COMMITTEE:

Councillors C Akers-Belcher, Barker, Hall, McKenna, Preece, Turner and Wistow

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
  - 3.1 To confirm the minutes of the meeting held on 30 June 2009
4. **ITEMS FOR DISCUSSION/DECISION**
  - 4.1 Approval Of 2008/2009 Statement of Accounts – *Chief Financial Officer*
  - 4.2 Internal Audit Plan 2009/10 Update – *Head of Audit and Governance*
  - 4.3 Consultation On Proposals For An Enhanced Role And Remit Of The Council's Standards Committee – *Chief Solicitor*
5. **ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT**

# **AUDIT COMMITTEE**

## **MINUTES AND DECISION RECORD**

30 June 2009

The meeting commenced at 2.00 p.m. in the Civic Centre, Hartlepool

### **Present:**

Councillor A Preece (In the Chair)

Councillors C Akers-Belcher, G Hall and C McKenna

Officers: Mike Ward, Chief Financial Officer  
Chris Little, Assistant Chief Financial Officer (Corporate Finance)  
Noel Adamson, Head of Audit and Governance  
Cathy Eddowes, Audit Commission  
Sarah Bird, Democratic Services Officer

### **1. Apologies for Absence**

Apologies were received from Councillors M Turner and G Wistow.

### **2. Declarations of interest by members**

None.

### **3. Confirmation of the minutes of the meeting held on 14 May 2009**

These were confirmed as an accurate record.

### **4. Responsibility for Approving the Statement of Accounts** *(Chief Financial Officer)*

#### **Purpose of Report**

The report was presented in order to explain the Audit Committee's role and responsibility for approving the Annual Statement of Accounts.

#### **Issues for Consideration**

The Chief Financial Officer presented the report which had been circulated prior to the meeting outlining the responsibility of the Committee and the Chief

Financial Officer in respect of the approval of the annual accounts.

A Member referred to item 3.5 of the report where the Chief Solicitor advised that the Audit Committee should address itself to the accuracy and completeness of the account as a record of financial transactions and resources, however it was not appropriate for the purpose of approving the accounts to take into account how these transactions and resources were managed and Members were not entitled to ask questions on these issues. He stated that Members may be challenged about the accounts by members of the public. The Chief Financial Officer said this was a responsibility of the Scrutiny Committee but that as in previous years he would attempt to answer members' questions.

### **Decision**

The Committee noted the report.

## **5. The 2008/2009 Statement of Accounts – Chief Financial Officer**

### **Purpose of Report**

The report was presented in order to enable Members to approve the Council's 2008/2009 Statement of Accounts

### **Issues for Consideration**

The Chief Financial Officer outlined the report and highlighted that Section 3 relating to the basis for preparing the statement of accounts was an integral part of the report. The basis and policies had been approved by Cabinet and the Council. He outlined the outturn strategy and the issues covered by this and the monies which had been transferred to the Un-earmarked General Fund Balances and also the reconciliation of the Council's Management Accounts and the Statement of Accounts. Section 5 of the report gave an overview of the 2008/09 accounts. Section 6 of the report highlighted a review of publication arrangements for the Register of Members' Allowances and Expenses.

A Member queried the presentation of information within the main report and received assurance that the presentation was correct. He further asked what further detail there was for the Departmental Reserves were and was informed that there was no further detail in the Abstract of Accounts circulated for this meeting as this dealt with only the high level, he was informed that a detailed schedule had been reported to all members as part of the Budget setting and reported to Council in February. The Member also asked about the capital reserves and was informed that this was a carried forward balance for ongoing capital schemes. The Member queried what the General Fund Balance would be used for and was informed that it was not earmarked for any specific item but was held to meet unforeseen costs. He subsequently asked what these unforeseen costs would be and was informed that nothing was currently

foreseen but could be used to meet service overspends, floods and other such situations. The level of the reserve was normally kept at the Audit Commission recommended level and reviewed annually as part of the Budget setting process.

The Member also queried the collection fund and asked why there was increased provision for non-payment of Council tax and was it linked to the recession. The Chief Financial Officer explained that the figure was determined in accordance with best practice guidance included in the accounting code of practice and was based on the age of the various debts. The provision for the previous year had not needed to be increased and hence was zero. This did not specially arise because of the recession. The Member also asked what the national collection figure was and was informed that these were not yet available, but are reported to members on publication.

A Member commented that because of the statutory way of recording the accounts, the figures could be confusing. The Assistant Chief Financial Officer stated that the foreword to the report was intended to explain the anomalies in the accounts.

Members then discussed the proposals for inclusion of Members' expenses in published accounts which were to be put to the Scrutiny Co-ordinating Committee. Members agreed to support maximum disclosure of Members' allowances.

A Member asked that future meetings were not held on the deadline date and that members had previously had concerns that they had little time to assimilate the information and formulate questions. The Chief Financial Officer responded that the final deadline was the end of September after the District Auditor had audited the Accounts. The Council was dependant upon the DA completing this earlier to achieve an earlier date. The CFO commented whilst members had previously raised concerns this was in the September time and that in practice members had had the unaudited draft accounts since the end of June for consideration. He urged members that if they had questions to raise them between now and when the accounts come back to the committee for approval towards the end of September. The District Auditor also supported the view that an earlier date would be helpful but was dependant on the timing that the audit was complete.

## **Decision**

The Audit Committee:-

- Noted the report
- Approved the 2008/2009 Statement of Accounts
- Noted that the Scrutiny Co-ordinating Committee would be reviewing the publication arrangements for the Register of Members' Allowances and Expenses and would report back to the Audit Committee in September

## **6. Internal Audit Plan 2009/10 Update** - *Head of Audit and Governance*

### **Purpose of Report**

The report was given to inform Members of the progress made to date in completing the internal audit plan for 2009/10.

### **Issues for Consideration**

Members were reminded that Appendix A of the report detailed the pieces of work that had been completed. Internal Audit staff had also been involved with the following working groups:-

ISO 17799 Group  
Procurement Working Group  
Corporate Risk Management Group  
Use of Resources assessment.

The Audit Section had received data matches from the Audit Commission in relation to the National Fraud Initiative for 2008/09 and along with the Benefit Fraud Team were currently investigating any anomalies identified. Appendix B to the report detailed the audits currently ongoing. The work of the section was presently progressing well.

### **Decision**

Members noted the contents of the report.

The meeting concluded at 2.55 pm.

A PREECE

CHAIR

# AUDIT COMMITTEE

29 September, 2009



**Report of:** Chief Financial Officer

**Subject:** APPROVAL OF 2008/2009 STATEMENT OF ACCOUNTS

## 1. PURPOSE OF REPORT

1.1 The purposes of this report are to: -

- i) enable Members to approve the final 2008/2009 Statement of Accounts; and
- ii) to present the Audit Commission's Annual Governance Report.

## 2. BACKGROUND

2.1 Local Authorities are required to approve a draft Statement of Accounts before 30<sup>th</sup> June. This is a challenging deadline.

2.2 The draft 2008/2009 Accounts were approved on 30<sup>th</sup> June, 2009. At this meeting Members were advised that the draft Statement of Accounts would be reviewed by the Council's External Auditors. The Audit Committee would then need to approve the final accounts by 30<sup>th</sup> September, 2009.

2.3 As the timescale for completing the audit process by the end of September is tight Members were reminded that if they had any questions on the draft Statement of Accounts they should raise these issues during July and August. This would enable any issues to be addressed before the September meeting of the Audit Committee. For Member's information no issues have been brought to my attention by Members of the Committee.

2.4 The report advised Members that the Statement of Accounts reflects the provisional 2008/2009 Outturn Strategy approved by Council in February, 2009 and the final 2008/2009 Outturn Strategy approved by Cabinet in May, 2009.

### **3. FINAL 2008/2009 STATEMENT OF ACCOUNTS**

- 3.1 The audit of the 2008/09 Statement of Accounts is running slightly behind schedule. Officers within the finance department and Audit Commission are working hard to complete the necessary work to enable the Statement of Accounts to be approved at your meeting.
- 3.2 At the time of preparing this report the audit was substantially complete and it is not anticipated that there will be any material amendments to the Statement of Accounts. This means that the Authority's reported financial position as at 31st March 2009 has not changed since the draft Statement of Accounts were approved in June.
- 3.3 A number of proposed accounting changes are currently being discussed and agreed with the Auditor. The agreed changes will be included in the final Statement of Accounts and will clarify how information is presented in the accounts
- 3.4 As the audit had not been completed at the time this report was issued it was not possible to include the final Statement of Accounts with the agenda papers. This document will be sent out separately before the meeting on 29th September 2009, together with an explanation of any changes agreed with the Auditor.
- 3.5 The Audit Commission's Annual Governance Report will also be issued before your meeting as officers and the Auditor were still discussing and agreeing this document at the time this report was prepared. The principle purposes of the Annual Governance Report are:
- to reach a mutual understanding of the scope of the audit and the respective responsibilities of the Auditor and those charged with governance;
  - to share information to assist both the Auditor and those charged with Governance to fulfil their respective responsibilities; and
  - to highlight opportunities for improvements to the Authority's financial statements/processes.
- 3.6 As indicated in the previous paragraphs it is anticipated that there will no material issues identified in the Annual Governance report in relation to the Statement of Accounts.
- 3.7 The Annual Governance report also provides details of the Authority's Use of Resources score.

**4. ACTION REQUIRED AT YOUR MEETING**

- 4.1 At your meeting Members will be asked to consider the Annual Governance report and to then approve the final Statement of Accounts for 2008/09.

**5. RECOMMENDATIONS**

- 5.1 It is recommended that Members:-

- i) Note the report.
- ii) Consider the Audit Commissions Annual Governance Report and determine a response to the proposals in this report.
- iii) Approve the Final 2008/2009 Statement of Accounts, which incorporates the changes agreed with the Auditor.



## AUDIT COMMITTEE

29 September 2009



**Report of:** Head of Audit and Governance

**Subject:** INTERNAL AUDIT PLAN 2009/10 UPDATE

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### 1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2009/10.

### 2. BACKGROUND

- 2.1 In order to ensure that the Audit Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the members of the Committee to form an opinion on the controls in operation within the Council. This in turn allows members of the committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

### 3. AUDITS COMPLETED AND IN PROGRESS

- 3.1 **Appendix A** of the report details the pieces of work that have been completed.
- 3.2 As well as completing the afore mentioned audits, Internal Audit staff have been involved with the following working groups:
- ISO 17799 Group.
  - Procurement Working Group.
  - Corporate Risk Management Group.
  - Use of Resources assessment.
- 3.3 The section has now received data matches from the Audit Commission in relation to the National Fraud Initiative (NFI) for 2008/09. The section, along with the Benefit Fraud Team, is currently investigating any anomalies identified.

- 3.4 **Appendix B** details the audits that were ongoing at the time of compiling the report.

#### **4 AUDIT PLAN PROGRESS**

- 4.1 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed the Audit Commission to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

#### **5 RECOMMENDATION**

- 5.1 It is recommended that Members note the contents of the report.

## Appendix A

Audit	Objectives	Recommendations	Agreed
Performance Management System	<p>The organisation has established a performance indicators (PIs) and data quality (DQ) policy that was referred to and supported by the senior management team (SMT).</p> <p>The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met.</p> <p>Polides and procedures have been established to ensure:</p> <ul style="list-style-type: none"> <li>□ that supporting information, data, reports, etc are produced and retained;</li> <li>□ staff responsible for PIs have the current and correct definitions;</li> <li>□ independent checks are undertaken to ensure PIs are produced and reported accurately;</li> <li>□ relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons only.</li> </ul> <p>Monitoring and reviews assess the system, training needs, identify weaknesses and recommendations are made for improvement which are reported to the SMT.</p> <p>A clearly defined and documented testing programme has been established.</p> <p>Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.</p>	<p>- Arrangements should be in place for validating data provided by external parties to provide assurance that PIs which are dependant on such information are accurate. A risk assessment should be undertaken to identify those PIs that warrant such checks.</p> <p>- In order to ensure that PIs are accurate, responsible officers should ensure that PIs input onto Covalent include:</p> <ul style="list-style-type: none"> <li>• the relevant targets in accordance with Corporate / departmental plans;</li> <li>• definitions of PIs;</li> <li>• source of data for the PI;</li> <li>• a statement of purpose defining reason why the PI is monitored;</li> <li>• adequate description of methods for collecting the data.</li> </ul> <p>Consideration should be given to periodically select random samples of PIs within Corporate / Departmental Plans and measure compliance with the Data Quality Policy. Departmental Co-ordinators and PIROs should be required to bring the PIs up to required standards.</p> <p>- A review of PIs monitored should be undertaken to assess whether they are needed. Where related links to actions are in place, these should be recorded on Covalent.</p> <p>- Actions should be described on Covalent in a way that allows their success or otherwise to be measured.</p> <p>- Guidance should be given to Departments to ensure the consistent and accurate reporting of PIs and actions to Portfolio Holders.</p> <p>- Changes identified at DMT should be reflected on Covalent.</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>N</p>
Highways	<p>Review the arrangements in place for maintaining the highways network to ensure the adequacy of the control environment in ensuring that individual schemes are selected in a consistent and objective manner, based upon documented policy, are approved, procured in line with policy / best value principles and effectively managed. Local highways schemes are selected based</p>	<p>- Estimated costs for planned works should be input onto Integra for budget monitoring purposes and amended as the true cost of schemes is realised. Budgets set aside for planned maintenance should be used for that purpose.</p> <p>Reports detailing progress against the Highways Planned Maintenance Works Plan should be presented to Portfolio Holder and detail the use of planned highways maintenance</p>	Y

	<p>upon need; are consistent with corporate objectives and are appropriately approved; The budgets for local highway schemes are effectively managed; Work on the highways is procured in line with Contract procedure rules and the Authority's Purchasing policy; Schemes are effectively managed to ensure that work is carried out to an appropriate standard, within budget and on time; Arrangements are in place to ensure that staff working on the highways are safe, and also minimise the risk of injury to members of the public; (inspections, risk assessments etc); Performance monitoring arrangements are in place to measure and improve performance.</p>	<p>budgets for other purposes i.e. emerging priorities.</p> <ul style="list-style-type: none"> <li>- An exercise should be undertaken to calculate the resources used in managing the Highways Management Plan to determine accurate fees to be charged for supervision.</li> <li>- The contract for Highways Resurfacing should be signed and dated by both parties to the agreement.</li> <li>- Evidence sampling tests undertaken on materials used should be retained to provide assurance that materials used by the contractor are of appropriate specification.</li> <li>- The service should consider developing an inspection checklist which can be completed with ease to enable documentary evidence of inspections of works to provide assurance that Health and Safety measures undertaken by the contractor are in accordance with compliance with the Contract for resurfacing works.</li> </ul>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Economic Development	<p>All areas of funding are explored. All grants/funds received have their allocations planned. All recommendations are actioned or will be actioned. All areas of funding are explored. Partnership agreements are fit for purpose. Recommendations made by ERS are promptly actioned. All areas of funding are explored. All grants/funds received have their allocations planned. Sectors with skills shortages are included in future projects. Partnerships have been set up with robust processes and procedures in place. Appropriate marketing work is undertaken for Hartlepool. A thorough risk assessment has been undertaken of the project. There is a robust selection method which was followed by officers. Robust and appropriate contracts are in place. A monitoring process is defined and communicated to those who need to know.</p>	<ul style="list-style-type: none"> <li>- Payroll information or similar should be requested to support Jobs Build claims in order to evidence that the individual remains in employment/training.</li> <li>- Officers should ensure that, when using documents which have been given approval for use by the Legal Department, they retain the email/letter which demonstrates this. If possible the Economic Development Service should try to locate the approval given for the use of the partnership agreement and provide this to Internal Audit. Since the audit Economic Development has received a response from Legal providing comments for action regarding the partnership agreement. This will be reviewed during the follow up.</li> <li>- It may be beneficial to collate all the separate recommendations made in these types of reports so that the Economic Development management can monitor the implementation or at least the discussion around feasibility of implementation. This would help ensure that key recommendations did not get missed or ensure that the option of working cross-sectionally in the department to achieve implementation on one or more recommendations was explored/identified, which could save</li> </ul>	<p>Y</p> <p>Y</p> <p>Y</p>

		time/resources. As the Economic Development Service is currently working on a draft strategy it may be worth considering that an action plan could potential be included in this document to enable effective monitoring of the implementation of the recommended actions. - Actions 2, 3, 4, and 6 from the original Industrial Estates Lettings audit 2007-08 action plan are implemented as soon as possible and before the follow up for this Economic Development audit is due.	Y
Looked After Children	HBC fulfils its parental responsibilities for 'Looked After Children' and provides a service for Looked after children in accordance with statutory requirements and best practice guidance. Robust systems / procedures in place for assessing/evaluating carers prior to appointment (adoption and fostering). Arrangements for paying carers ensure that payments are made on a consistent basis, are accurate and appropriately authorised. Information is held securely. Access is restricted to authorised parties only.	- Evidence that form E (fostering) and permanence reports (adoption) are presented to panel, whose recommendation are subsequently considered by the Assistant Director of Children's Services should be retained. - In order that testing can be undertaken to ensure that a consistent approach is used to match children to adopters, adoption files for a sample of children will be reviewed as part of the follow up audit. - Changes in the circumstances of carers / children should be updated promptly. - Evidence that Foster Carers undertake training towards achieving the national standards developed by the Workforce Development Council will be reviewed as part of the follow up audit. - In accordance with best practice, passwords to the ICS system should automatically be required to expire after 30 days.	Y  Y  Y  Y
Stores	Ensure that the receipt of stock is promptly and accurately recorded. Stock issues are properly authorised and recorded and charged to the correct account at the right price. Stock levels are monitored to ensure prompt detection and early action on obsolete, slow moving or excessive stock holdings. Physical stocks are kept securely and any losses promptly detected.	- Compensating controls are put in place to mitigate the risk of fraud. Specific controls relating to the separation of duties between ordering/receipting goods need to be in place. Also financial levels of ordering ability each member of staff should be investigated to ensure the levels are realistic. - Any obsolete or written off stock be disposed of. - Stocktaking is carried out independently of stores staff in accordance with procedures laid down in financial regulations.	Y  Y  Y
National Indicator 13 - Migrants English Language Skills and Knowledge.	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training	- Clarification should be obtained to verify the arrangements in place for validating the accuracy of reported results in respect of the indicator provided by Hartlepool College of Further Education.	Y

	<p>provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.</p>		
<p>National Indicator 179 - Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year.</p>	<p>The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.</p>	No recommendations.	

National Indicator 99, 100 - Looked after children reaching level 4 in English and Mathematics.	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	- Excel spreadsheets and any cells with formulas should be password protected.	Y
National Indicator 125 - Achieving independence for older people through rehabilitation/ intermediate care.	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely	No recommendations.	

	and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.		
National Indicator 51 - Effectiveness of child and adolescent mental health (CAMHS) services.	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	- Details of the NI scores should be input onto the Covalent Performance Management System.	Y
National Indicator 187 - The percentage of people receiving income based benefits living in homes with a low energy efficiency SAP (Standard Assessment Procedure) rating less than 35.	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are	<p>- That the HBC officer responsible for this performance indicator reviews the SLA with Tees and Durham Energy Advice Centre and arranges for additions to be made to address roles and responsibilities for the collection of PI data and calculation of PI results.</p> <p>- The member of HBC staff with responsibilities for this PI should ensure that there is a mechanism put into place which will provide adequate assurance that data entry and manipulation is correct and accurate, thereby ensuring data integrity and quality.</p> <p>- That a date is specified and agreed by all involved in the PI to pull the reports from the Council Tax and Housing Benefit databases and that the same date is used to pull the reports from Maxim database for the</p>	<p>Y</p> <p>Y</p> <p>Y</p>



	produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	SAP ratings.	
National Indicator 88 - Percentage of schools providing access to extended services	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	<ul style="list-style-type: none"> <li>- Implementation of an internal procedure which will clarify that the provision being claimed is offered (school provided some level of evidence)</li> <li>- Checking of all data/calculations is carried out to ensure it is correct.</li> <li>- PI requirement procedures are written up and made available to all relevant staff/users including deadlines for submission of data. Schools should also be made aware of PI and DQ importance</li> <li>- Meeting notes are taken and circulated to attendees for information and action purposes.</li> <li>- That data input into the TDA system is checked and the calculation produced automatically from the system is double checked manually (i.e carry out the calculation from the hard copy data and check it matches the percentage produced from TDA) prior to input into Covalent.</li> </ul>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
National Indicator 185 - Percentage of CO2 Reduction From LA Operations	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are	<ul style="list-style-type: none"> <li>- Cells pre set with formula on the DEFRA spreadsheet should have their formulae locked. Final version of data sheet should be password protected.</li> <li>- Procedure notes should be drawn up for the collection of NI 185. i.e. what measures are in place for collecting the data.</li> </ul>	<p>Y</p> <p>Y</p>

	produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.		
National Indicator 130 - Social care clients receiving Self Directed Support per 100,000 population	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	<p>- The mid year 2007 figures are used for the calculation of the NI and all staff are made aware of the correct figures to use.</p> <p>- Spreadsheets or formulas should be password protected.</p>	<p>Y</p> <p>Y</p>
National Indicator 136- People supported to live independently through social services (all adults)	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures	<p>- Mid 2007 population figures should be used to recalculate the NI. Procedures should state the correct figures to use.</p> <p>- Spreadsheets or formulas should be password protected.</p>	<p>Y</p> <p>Y</p>

	<p>ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.</p>		
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## Appendix B

Audit	Objectives
Home to School Transport	Home to School Transport services are only accessible to authorised users; Any statutory obligations have been complied with; There are adequate arrangements in place to appropriately assess and register all of the service users; Ensuring that appropriate vehicles and drivers are available to deliver the service. There are appropriate controls in place regarding the assessment, calculation, recording, handling and reconciling of service users contributions to the service; All data/assets held regarding service users is controlled, securely stored in compliance with any Data Protection guidelines; Contract arrangements with external providers have been made in accordance with the Authority's Contract and Financial Procedure Rules; Safety of service users and drivers is ensured.
Hart Primary	Ensure school financial and governance arrangements are in line with best practice.
LAA	To determine the extent and implications of the grant conditions and evaluate the arrangements in place to ensure that these are achieved. To examine the funding reporting arrangements and budgetary control procedures. To ensure that capital assets procured by the LA are appropriately recorded. To ensure that actual outcomes are reported on a regular basis. To identify and evaluate the arrangements in place for collating outcome figures, ensuring that these can be supported by back up documentation. To evaluate the risk management processes in place. To assess the arrangements in place for approving projects. To evaluate the internal monitoring arrangements in place.
Fraud Awareness	To evaluate the awareness of fraud across the Authority considering the following areas: Newline, Management Matters, Payslips, Article in Hartbeat, Council Tax Leaflet and Trading Standards. Identify any gaps. Complete the 'Managing the Risk of Fraud' checklists covering: Adopting the Right Strategy, Accurately Identifying the Risks, Creating and Maintaining a Strong Structure, Taking Action to Tackle the Problem, Defining Success. Examine Corporate Risk Register re: Risk of Fraud.
Main Accounting System	Financial management arrangements, accounting standards and policies adopted by HBC meet the requirements of the organisation, comply with legislation and best practice and are adhered to throughout the organisation; The financial accounting system is sufficiently robust and flexible enough to meet the needs of different users (i.e. budget holders, senior managers, those charged with governance), capable of expansion to meet any growth in the organisation or in its financial information requirements; All transactions recorded in feeder systems are completely and accurately transferred to the main accounting system. Accounting balances from the previous financial year are brought forward into the current years accounts correctly; Transactions within the main accounting system are correctly coded and calculated; The output from the main accounting system is correctly presented in the authority's final accounts; The security and integrity of the system is maintained.
Holy Trinity Primary	Ensure school financial and governance arrangements are in line with best practice.
Childrens Act	Examine the arrangements in place within the Authority to ensure that the Childrens Act legislation is being complied with. This includes ensuring; that there are processes in place to co-ordinate the authorities approach to the various elements within the Children's Act, compliance with the legislation is monitored and action plans put in place where necessary, identifying any areas which are not covered by separate audits to evaluate the risks and carry out testing as appropriate or use to inform the audit plan.
Risk Management	Ensure risk management procedures are in line with expected best practice.
Clavering Primary	Ensure school financial and governance arrangements are in line with best practice.

Council Tax	All taxable properties are identified, assessed and recorded and these records are accurately maintained; All persons liable for council tax and all discounts, exemptions, benefits and other allowances have been identified and correctly recorded; Amounts due in respect of each taxable property have been correctly calculated and promptly demanded from the person liable; Secure and efficient arrangements exist for all collections, which are promptly posted to the correct taxpayers' accounts. All refunds are authorised and valid; All arrears are promptly identified and effectively pursued, and all write offs are valid and authorised; The billing authority complies with all statutory and other requirements for tax setting and the keeping of accounts.
Contact Centre	To ensure all services provided are done so in a controlled way ensuring compliance with good practice and legislation.
Town Hall Theatre	Income is collected, recorded, held securely and promptly banked. Bar stocks are regularly replenished and stock checks carried out. Effective budget monitoring is in place for Town Hall Theatre. Adequate procedures are in place for the ordering, receipt and payment of goods and services, in line with the Local Authority Financial Procedure Rules. Town Hall Theatre are covered with appropriate licenses.
Connexions	Council is complying with any statutory regulations. Adequate procedures are in place for the ordering, receipt and payment of goods and services, in line with the Local Authority Financial Procedure Rules. Income is collected, recorded, held securely and promptly banked; Recruitment is in accordance with HBC procedures, and to ensure that employees are appointed in accordance with set procedures on the correct terms and conditions. Adequate procedures are in place for monitoring SLA's. Income is collected, recorded, held securely and promptly banked; Performance in section is being monitored.
Elwick Primary	Ensure school financial and governance arrangements are in line with best practice.
Dyke House Secondary	Ensure school financial and governance arrangements are in line with best practice.
Fens Primary	Ensure school financial and governance arrangements are in line with best practice.
Capital Programme	Ensure that there is a strategic approach to allocating capital resources which links to the Authority's overall aims and objectives. Determine and evaluate the methods in place for prioritising schemes/projects. Examine the arrangements in place for obtaining financing for the capital programme to ensure that all agreements entered into are appropriately authorised. Evaluate the processes in place for allocating and monitoring funding made available for specific projects/schemes. Ensure that there are robust processes in place for monitoring spend against the capital programme and reporting on any issues arising.
School Improvement	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.
Learning Disability Service	To ensure all services provided are done so in a controlled way ensuring compliance with good practice and legislation.

Health and Safety	That there are arrangements in place to ensure that Health and Safety legislation and Good Practice Guidance is adopted by HBC. That the roles and responsibilities are clearly defined. That staff responsible for health and safety have the required skills. That sufficient resources are provided to ensure that health and safety legislation is complied with. Inspections/assessments are carried out to ensure that Health and Safety legislation / guidance is being complied with. To ensure that corrective measures are put in place where incidents occur. That recommendations made are actioned to ensure that H&S legislation/guidance is complied with. The achievement of the H&S aims and objectives. That documentation is securely retained to evidence actions taken.
Physical Disability Service	To ensure all services provided are done so in a controlled way ensuring compliance with good practice and legislation.
Energy Management	Arrangements are in place to ensure that the procurement of energy represents best value and achieves target percentage of energy from sustainable and renewable sources. All payments for utilities are accurate and appropriately authorised. There is effective monitoring and reporting of energy consumption and the energy performance of the Council as a whole and for individual sources. Measures designed to improve the energy performance of buildings, comply with legislation and reduce the potential costs of the Carbon Reduction Commitment are established. Energy efficiency investments designed to reduce energy consumption and the effects of climate change are established, with effective monitoring and reporting arrangements in place to demonstrate both compliance with and the effectiveness of such initiatives. There are effective arrangements in place to ensure that users are aware of their responsibilities to manage the consumption of energy in the most efficient and economic manner.
Direct Payments	To ensure all payments made are done so in a controlled way ensuring compliance with good practice and legislation.
Childrens Centre	The objectives of the review were to identify and evaluate the effectiveness of controls operating within the systems at the Children's Centres to provide assurance that risk is being managed at an acceptable level.
Concessionary Travel	All applications are supported with the relevant proof of identity. Replacement permits are charged accordingly and income is promptly banked. Payments to bus companies are fair and reasonable.
English Martyrs Secondary	Ensure school financial and governance arrangements are in line with best practice.
Procurement	The procurement strategy/policy/procedures are communicated and training has been provided. Procedures ensure there is adequate monitoring and evaluations are regularly undertaken to ensure compliance with the procurement procedures and policies. Arrangements are in place to produce and update an approved list of suppliers. PI Information is collected, stored and submitted promptly.

## AUDIT COMMITTEE

29 September 2009



**Report of:** Chief Solicitor

**Subject:** CONSULTATION ON PROPOSALS FOR AN  
ENHANCED ROLE AND REMIT OF THE  
COUNCIL'S STANDARDS COMMITTEE.

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### 1. PURPOSE OF THE REPORT

- 1.1 As part of the work programme for the Constitutional Working Group and Constitution Committee for 2009 – 2010, is a consideration of the reporting mechanisms to Council of the Standards and General Purposes Committees. Presently, the recommendations made by these committees have generally no direct reporting mechanism to Council. Within this theme, consideration has been given to an enhanced role for the Standards Committee. Accordingly, this report details the current remit of this Committee and suggests changes to that remit.
- 1.2 Standards Committee at their meeting on 15 September endorsed the proposals to enhance the role and remit of the Committee as set out herein, subject to the consideration of the same through the Constitution Working Group and Committee. In addition there are two areas as noted in bold type upon which the views of the Audit Committee are sought

### 2. BACKGROUND

#### (1) STANDARDS COMMITTEE

- 2.1 Members will be aware that the Standards Committee comprises both Borough Councillors and Parish Council representatives and the overall membership must have not less than 25% independent membership. Following the local assessment and determination process which became operative from the 8<sup>th</sup> May, 2008, the Committee has formed Sub-Committees to deal with the initial assessment and determination of complaints and also a Review Sub-Committee, to consider requests for a review of a complaint wherein a "no action" decision was given. Clearly, the key requirement of the Standards Committee is to "promote and maintain high standards of ethical conduct" within the authority and also a pivotal role in advising the Council on the adoption or revision of the Members' Code of

Conduct. The functions of the Standards Committee under Article 9 of Council's Constitution is as follows:-

- i) *promoting and maintaining high standards of conduct by the Mayor, Councillors, co-opted members and church and parent governor representatives;*
- ii) *assisting the Mayor, Councillors, co-opted members and church and parent governor representatives to observe the Members' Code of Conduct;*
- iii) *advising the Council on the adoption or revision of the Members' Code of Conduct;*
- iv) *monitoring the operation of the Members' Code of Conduct;*
- v) *advising, training or arranging to train the Mayor, Councillors, co-opted members and church and parent governor representatives on matters relating to the Members' Code of Conduct;*
- vi) *granting dispensations to the Mayor, Councillors, co-opted members and church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct;*
- vii) *dealing with any reports from a case tribunal or interim case tribunal, and any report from the monitoring officer on any matter which is referred by an ethical standards officer to the monitoring officer; and*
- viii) *the exercise of (i) to (vii) above in relation to the parish councils wholly or mainly in its area and the members of those parish councils.*

2.2 The Committee has engaged in activities which cover the broad spectrum of the governance of the Council as a public body. By way of example, commentary on the Planning Code of Practice, revisions to the Council's Whistle-blowing Procedure document, adoption of various protocols, responses to government consultations as well as operating the local assessment and determination process. However, the following areas of possible additional functionality of that Committee are set out below. Members' of the Audit Committee are invited to make comment, as part of the Constitution Working Group and Committee's consideration of the same with particular emphasis on those areas identified in bold type :

- *To recommend changes to full Council in relation to the promotion and maintenance of high ethical standards within the Authority;*
- *Promoting and maintaining high standards of conduct by officers;*



- *Assisting officers to observe a Code of Conduct for Employees and advising the Council on the adoption or revision of such a Code of Conduct for Employees;*
- *Monitoring the operation of a Code of Conduct for Employees;*
- *Dealing with the grant and supervision of exemptions from political restrictions in respect of all relevant Council posts;*
- ***To receive and review from the Council's Audit Committee the Council's Annual Governance Statement and to make recommendations for the approval of the Annual Governance Statement to the Audit Committee;***
- *To consider complaints relating to the conduct of Members of the Council under the Member/Employee Protocol and the Planning Code of Practice;*
- ***To monitor the operation of the Council's Anti-Fraud and Corruption Policy so far as it relates to the actions of Members of the Council;***
- *And to report on such matters to Council with recommendations thereon and that the Council may from time to time arrange for other functions to be discharged by the Standards Committee;*

### 3. RECOMMENDATIONS

1. For the Committee to note and provide comment to the Constitution Working Group and Committee.