

Runnymede Borough CouncilSTANDARDS AND AUDIT COMMITTEE14 September 2004 at 7.30 p.m.

Members of the Committee present: Councillors Ms C.M. Simmons (Chairman), A.P. Tollett (Vice-Chairman), P.A. Greenwood, Ms R.E. Haylor; and Dr. R.F. Miller (Independent Member).

Members of the Committee absent: Councillor Mrs L.M. Gillham and Mrs C.M. Spurling (Independent Member).

193. MINUTES

The Minutes of the meeting of the Committee held on 15 July 2004 were confirmed and signed as a correct record.

194. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Mrs L.M. Gillham and Mrs C.M. Spurling.

195. INTERNAL AUDIT – REVIEW OF SERVICE PERFORMANCE

(Ref: Minutes of Standards and Audit Committee, February 2004, para 703, page 1276).

By resolution of the Committee the press and public were excluded from the meeting during the consideration of Exempt Appendix 'A' of this item under section 100A (4) of the Local Government Act 1972 on the grounds that the item in question would be likely to involve the disclosure of exempt information of the description specified in paragraph 12 of Part 1 of Schedule 12A of the Act.

The Committee received the annual review of the work carried out by Internal Audit. It was noted that the staffing difficulties reported at the last meeting still remained. The Auditor vacancy arising in March had still not been filled, although an appointment had been made in July. Unfortunately the successful applicant had then withdrawn shortly before his commencement date. However, it was noted that interviews were to be held later in September and it was hoped that an appointment would be made. This vacancy had resulted in a loss of 121 days from the In-House Audit Team, although external supplies and temporary staff made up 60 days, leaving a total shortfall of 59 days on the year.

The 2003/2004 Audit Plan had comprised 30 systems audits and 4 computer audits. A further 6 audits were brought forward from the previous year. The Committee noted that 22 of these had been completed before the end of March 2004, and another 3 had been completed by the end of April. Consequently 15 audits had been brought forward into 2004/2005. To date 6 of these had been completed. Internal Audits performance measured against Targets was noted. The Committee also noted the Exempt Appendix which contained recommendations made in the 2003/2004 audits and performance compliance with recommendations. Areas of concern were noted, and Members were assured as to the corrective actions being taken.

Members were advised that an external audit contractor had been appointed for three years (from 1 June 2004) with an option to extend for a further two years. This would increase the number of consultancy days to 130 per year. In order to make up for lost ground it had been decided to reduce audit investigations in those areas which had thrown up only minor problems in order to concentrate on those sectors which had not been audited for some time.

Members thanked the Officers for a detailed report, and were gratified to note that despite the staffing problems the audit function had achieved a great deal during the year. Most audits had revealed only minor weaknesses, with problems that could easily be rectified. It was anticipated that the filling of the vacant post and the new external contract would substantially improve performance during 2004/2005.

196. UNOFFICIAL DEBTOR INVOICING

(Ref: Minutes of Standards and Audit Committee 17 February 2004, page 1276 para 703)

At its meeting in February the Committee had asked the Director of Finance to report back following his investigations of "unofficial invoices".

Members noted that there were a number of potential risks arising from improper invoicing:

- VAT might not be accounted for at all, or otherwise not in the correct period. This gave rise to a risk of penalties from the Customs and Excise.
- Income might not be accounted for correctly. The External Auditors could issue a qualification to the Council's accounts if the practice was considered widespread.
- There was a risk of fraud and error. This was because the normal controls, including division of duties, could not be relied on in unofficial systems.
- There was a risk of loss through inefficiency and duplication of systems. Simply, resources are wasted.

Members were advised that the Director of Finance had instructed all staff to use the Sundry Debtors system with immediate effect, and to supply details of all outstanding 'unofficial' invoices. A comprehensive memorandum had been sent to staff setting out the need to follow financial procedures and the actions required of staff. A form had been sent with the memorandum requesting information on all unofficial invoices issued. Nil returns were required to provide assurance that each Section had received the memorandum and taken note of its contents. From the responses received it was evident there was no widespread use of 'unofficial' invoices.

Members noted that this exercise had also provided an opportunity to give staff further training on basic financial procedures.

197. INDEPENDENT MEMBERS – RECRUITMENT ARRANGEMENTS

The Committee reviewed the procedures that had been employed in order to recruit the two "independent" Members in 2003.

In addition to statutory requirements, Runnymede's Constitution provided that no persons should be eligible for appointment as independent Member of the Committee if the Leader of any political group objected to his or her nomination (Standing Order 22.1 (e)). Of the three people who had eventually applied for appointment as independent Members, the Leader of the Labour Group had objected to one and the Leader of the Conservative Group had objected to another. It was only after a further period that one more applicant had come forward to whom no objection was lodged, thus allowing the Committee to be constituted in the numbers envisaged within Runnymede's Constitution. Members noted that the entire process had taken some five months from the initial advertisement to the approval of both appointments.

Members noted that the shortage of applicants had been the first problem. Some action was therefore necessary to ensure an adequate number of applicants for the Committee places to be filled. The advertisement had appeared in the Surrey Herald and Staines and Egham News. This satisfied the statutory requirements, but it was agreed that other measures which might be considered included posting on public notice boards, and circulating to the editors of residents', church, or local organisation news sheets. The Council could also consider advertising in periodicals with, for example, a Surrey wide circulation, or in local newspapers circulating outside the Borough. The Council's website was another possibility.

Members discussed the veto allowed by Standing Order 22.1.(e), but agreed that, on balance, it should remain as it was a guard against the possible allegation of political bias. The Committee also agreed that the process should be started earlier to maximise the time available to deal with any difficulties.

RECOMMEND that –

- i) future appointments of independent Members of the Standards and Audit Committee be advertised on the Council's website and on Council Notice Boards in addition to local newspapers circulating in the Borough;**
- ii) no change be made to Standing Order 22.1(e) for the present; and**
- iii) Officers be instructed to commence the advertisement process six months before the time of appointment, if practicable.**

198. OMBUDSMAN INVESTIGATIONS

The Committee noted that five cases had been submitted to the Commissioner for Local Administration since October 2003. Four had been dismissed as there was no evidence of maladministration. One case, lodged in February 2004, was still under consideration.

199. ADJUDICATION PANEL FOR ENGLAND – RECENT CASES

The Committee noted, and discussed, the histories of a number of cases which had been adjudicated by Case Tribunals, and the penalties imposed. This report gave the Committee a flavour of the behaviours which caused complaint, and the degree of penalties imposed.

200. HANDLING OF COMPLAINTS AGAINST MEMBERS OF THE AUTHORITY – REGULATIONS UNDER SECTION 66 LOCAL GOVERNMENT ACT 2000

(Ref: Minutes of Standards and Audit Committee, February 2004, para. 706, page 1276).

At its February meeting the Committee had agreed a procedure for hearing local cases that might be referred to it by an Ethical Standards Officer (ESO) of the Standards Board for action following investigation, under Section 66 of the Local Government Act 2000. Further Section 66 Regulations had been anticipated covering the referral of investigations by an ESO to the Council's Monitoring Officer, but these were still awaited.

The Monitoring Officer (Mr Pearson) advised the Committee that he hoped to provide further training in the Hearings Procedure in late October/early November 2004.

Chairman

(The meeting ended at 8.15 pm)