

Runnymede Borough Council

STANDARDS AND AUDIT COMMITTEE

9 February 2010 at 7.30pm

Members of the
Committee present: Mr S Tully (Chairman), Mrs C Spurling (Vice-Chairman) (Independent non-elected Members), Councillors A J Davis, R J Edis, Mrs C E Gant and A P Tollett.

Members of the
Committee absent: Councillor Mrs L M Gillham

573. FIRE PRECAUTIONS

The Chairman read the procedures to be followed in the event of fire or other emergency.

574. MINUTES

The Minutes of the meeting of the Committee held on 30 September 2009 were confirmed and signed as a correct record.

575. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs L M Gillham.

576. INTERNAL AUDIT

(Ref: Minutes of Standards and Audit Committee, February 2009, page 753, para 485)

The Committee received details of the 2009/10 Audit plan as set out below:

Plan	Work	Number of Days
Part 1 - systems audits	Assess controls in operational areas to manage identified risks and provide assurance. <i>e.g. Council Tax, Museum, Leisure Centre, Benefits</i>	197
Part 2 – Computer audits	Non technical <i>e.g. document scanning procedures</i> Part technical <i>e.g. IT controls within individual systems</i> Technical <i>e.g. Operating system security, system configuration, prevention of access to 'hackers'.</i>	36
Part 3 – Corporate work	Anti Fraud & Corruption work, Data Matching, external audit assistance <i>e.g. Act on fraud notifications from external bodies, co-ordinate the National Fraud Initiative within Runnymede, audit of subsidy claims to reduce external audit fees.</i>	38
Part 4 – unplanned & consultancy work	Investigations re possible fraud <i>e.g. Large income/cash shortage identified.</i> Advice on Request <i>e.g. Assistance with designing controls for new system.</i>	32
	Total	303

Members were advised that adherence to the plan was subject to the results of the various service reviews taking place in a number of key areas.

Members were pleased to note that staffing within Internal Audit was very satisfactory and enjoying some stability. The most recent recruit had been in post for 15 months and had recently passed his exams to attain the Certificate level of CIPFA (Chartered Institute of Public Finance and Accountancy).

Officers were also pleased with the top up service provided by Haines Watts and the good relationship between their staff and the in-house team.

With regard to partnership working, an informal approach from another authority in Surrey had been received which was currently being explored. However, Officers confirmed that no formal joint working arrangements were being considered, pending the outcome of 'Surrey First' - a county-wide project looking at back office functions and shared services between Surrey local authorities.

The Committee noted that good practice shared within the Surrey Audit Group (SAG) was based on interpretations of the CIPFA standard. Members were concerned that the high standard of audit provision in Runnymede might be diluted if the service became shared and were keen that the present standard should be maintained. For example, the Chief Internal Auditor's style of reporting was such that auditees were clear what the objectives of the audit were, how the recommendations had been arrived at and how and when they could be achieved.

Officers agreed to clarify at the next meeting a detailed point relating to the use of an Access database in the Exempt Appendix which dealt with progress made with recommendations of the various audits which had been undertaken during the year. It was also agreed that one unresolved issue regarding the possibility of sharing equipment would be taken up in the relevant service review.

RESOLVED that –

the Committee is satisfied with the matters identified and the action taken to date

577. REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

The Committee's views were sought on whether the Council's system of internal audit continued to be satisfactory in terms of providing credible evidence for the Council's annual Statement of Accounts and had been sufficiently reviewed in all its aspects by the Directors' Management Team (DMT).

Members recalled that the review was usually conducted each year, and drew heavily on CIPFA Guidance. Part of the exercise involved comparing the Council's system of internal audit with the relevant CIPFA Code of Practice.

The Committee was content with the review process and criteria. Members noted that DMT considered the following areas to assess the effectiveness of internal audit:

- managerial and reporting arrangements
- resources
- Internal audit's contribution to the Councils systems and controls
- the perception of Internal audit and its worth within the Council
- review mechanisms
- comparison with external standards and best practice

The Committee agreed that the three areas where the Council departed from the Code were not a matter for concern. Members commented that although there was no written protocol to define working relationships the good relationship between internal audit and other sections was nurtured by their close proximity with each other which might not be possible if the section were based elsewhere or shared.

It was noted that in future annual reports the Chief Internal Auditor would comment on non-compliance with the Code.

Although there had been no private meetings between the Committee and the external/internal auditors (a departure from the Code of Practice), Members were keen that the facility should exist should they wish to speak with them in the future. For the present the Committee was content that there was sufficient independence between Audit and the Director of Finance, within whose department they sat.

It was confirmed that should the need arise for adjudication, where the Director of Finance and Chief Internal Auditor disagreed on a recommendation or course of action, the Chief Executive would fulfil that role.

RESOLVED that –

the review of the effectiveness of internal audit be approved

578. DATA-MATCHING – UPDATE
(Ref: Minutes of Standards and Audit Committee, September 2009, page 289, para 303)

Members received an update on the 2008 data matching exercise run by the Audit Commission as part of the National Anti-Fraud Initiative.

The 2008 exercise had been far reaching; the Council had supplied information from:

- Payroll
- Trade creditors
- Housing – rents
- Housing – sold Council houses
- Concessionary travel passes
- Taxi Driver's Licences
- Personal licences (Licensing Act 2003)
- Council Tax
- Electoral Register

Essentially, the work was now complete and had resulted in the identification of 5 Benefits and 1 Council Tax fraud, and 114 issues with Council Tax Single Person Discounts and rising 18s. Recovery action had been instigated in respect of these Benefits overpayments and Council Tax underpayments totalling approximately £90,000.

Members were pleased to note that in addition to keeping all the money recovered in respect of Benefits the Council would receive 40% of the total overpayment as an additional subsidy. However, it was not possible to recover all that was owing; for example if someone moved out of the area and it was considered too costly to pursue the case.

Officers confirmed that, resources permitting, all reports of potential benefit fraud were investigated by dedicated staff, noting there was also a cost in recovery.

579. ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL 2009/10
(Ref: Minutes of Standards and Audit Committee, February 2009, page 754, para 486 and June 2009, page 41, para 52)

The Committee considered the annual review of the effectiveness of the system of internal control which fed the Annual Governance Statement (AGS) due to be submitted to the Corporate Management Committee later in the year.

It was noted that corporate governance covered a range of activities, not just financial probity and that it was important for the Council to demonstrate accountability, effectiveness, openness and integrity in all its affairs as well as comply with the requirements set by the Audit Commission.

Members were advised that the Audit Commission's system of Comprehensive Performance Assessment had been replaced by Comprehensive Area Assessment (CAA) as the new way of assessing local public services in England.

The Committee was pleased the Council was assessed as 'performing well', achieving a score of 3 out of 4 in four areas of internal control. The Council had only scored 2 out of 4 in 'Managing Resources'. This was because at the time of assessment the Council had not yet achieved level 3 of the Equality Standard which it had now attained.

Members noted that the Council had not adopted the optional SOLACE/CIPFA Framework for delivering good governance in Local Government, and was content with that approach.

It was confirmed that in drafting the AGS, Officers had relied on the six core Principles of the Framework. These concerned:

- the purpose of the authority and outcomes for the community
- Members and Officers working together
- promoting and demonstrating the values of good governance
- taking informed and transparent decisions
- developing the effectiveness of Members and Officers
- engaging with local people and stakeholders

The review itself consisted of Assurance Gathering (which was the most time consuming part) and involved a series of interviews with key Officers and a perusal of published documents in order to produce the necessary evidence of effectiveness to draft the AGS.

Members reviewed the evidence which had been gathered; noting that regular public surveys were undertaken - the most recent of which had been reported to the Corporate Management Committee.

It was confirmed that the level of risk assessment applied to major projects; defined these according to their financial value and potential impact on the community, in line with the terms of the Constitution.

Members noted the Action Plan for the 2009/10 AGS. This highlighted the following areas where further action was required:-

- Risk Management
- Partnership working
- Business continuity planning

Members concurred with the proposed actions and identification of risks associated with these areas.

RESOLVED that –

- i) the Committee is satisfied that the schedule of evidence is consistent with its own experience;**
- ii) no further areas for improvement have been identified from the 2009/10 action plan; and**
- iii) the Committee expresses contentment with the draft Annual Governance Statement 2009/10**

580. ANNUAL AUDIT LETTER 2008/09
(Ref: Minutes of Standards and Audit Committee, September 2009, page 290, para 305, Corporate Management Committee, September 2009, page 200, para 226 and January 2010, page 474, para 500)

The Committee noted receipt of the annual audit letter produced by the Council's appointed external auditor, KPMG, for the 2008/09 financial year.

KPMG had identified five issues of note in the coming year. These were:

- the requirement for local authorities to prepare their financial statements under International Financial Reporting Standards, which the Committee agreed was somewhat onerous for a small local authority
- the need to report on and reduce carbon usage
- the need to report annually on sustainability performance, for which guidance would be issued
- pressure on local authorities' funding and a consequent need to focus on generating even further savings; and
- the need to reduce spending owing to the Council's level of Council Tax which was the lowest in Surrey and the sixth lowest in the Country.

Some Members agreed with the decision to reject the recommendation regarding creating Personal Development Plans for them. However, it was noted that other Members considered this would be beneficial to introduce.

581. LOCAL GOVERNMENT OMBUDSMAN INVESTIGATIONS

(Ref: Minutes of Standards and Audit Committee, September 2009, page 291, para 308)

The Committee noted the progress with, and where known the outcome, of four matters being considered by the Local Government Ombudsman. In three of the cases the complaint had not been pursued. The fourth depended on the outcome of a public inquiry which was expected shortly.

582. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW – RUNNYMEDE

(Ref: Minutes of Standards and Audit Committee, September 2008, page 184, para 182)

The Committee received a summary of the Local Government Ombudsman's review of Runnymede for the year ending 31 March 2009.

Members noted that a new single point of contact for all enquiries had been created through the new Ombudsman Advice Team. This had resulted in an increased number of contacts by potential complainants. The advice team had received 16 enquiries regarding Runnymede, which was only three more than were received in 2007/08.

The areas reported on were Housing, Planning, Building Control, local taxation, anti-social behaviour and a matter between a leaseholder and a private landlord.

The Committee was pleased that no evidence had been found of maladministration from the nine decisions and complaints that had been published during the year. It was also satisfying that the average time taken for the Council to respond to enquiries made by the Ombudsman was only 16.5 days, against the standard request of 28 days.

583. FIRST-TIER TRIBUNAL (STANDARDS BOARD FOR ENGLAND)

The Committee received a brief report, advising that the system for dealing with complaints made about Member conduct had changed. The First-tier Tribunal had taken over the work of the Adjudication Panel for England and had an extended remit to cover a range of additional issues from Estate Agents and Charity to Immigration and Gambling appeals.

Members noted that complaints that the Code of Conduct had not been followed could be made to the Standards Committee of the relevant local authority who would then decide whether the case warranted investigation, and/or referral to the First-tier Tribunal. The Tribunal could also hear appeals from decisions of Standards Committees.

584. FIRST-TIER TRIBUNAL (STANDARDS BOARD FOR ENGLAND) – RECENT CASES

(Ref: Minutes of Standards and Audit Committee, September 2009, page 291, para 309)

The Committee also examined a summary of cases that had been dealt with across the country, noting that approximately 40% of cases concerned Member's Interests and a further 30% were about bringing the authority into disrepute. It was interesting to note that Members were more likely to be disqualified than suspended, typically for one year and that in the early years of the new standards regime the more frequent appearances were made by Members from Parish Councils, of which Runnymede had none.

Members also reviewed a collection of cases from authorities across the country that had been determined by the Adjudication Panel for England and the Standards Board for England. These concerned a variety of incidents including the alleged abuse of a Member's official position in a planning matter, the apparent disclosure of confidential information and the alleged failure to treat others with respect and bringing the office or authority into disrepute.

The Committee agreed that it was very important how one conducted oneself in public and at social events, and to be very careful when dealing with the press.

585. PROTOCOL FOR DEALING WITH PRESS ENQUIRIES RELATING TO COMPLAINTS OF MEMBER CONDUCT

The Committee considered a draft protocol for how Officers should deal with press enquiries about Member conduct where a complaint had been made.

Officers advised that it was important to designate nominated Officers to deal with the Press, define what the press could be told and avoid any comment that might prejudice the case either way.

RESOLVED that –

the draft protocol for dealing with Press enquiries relating to complaints of Member conduct, as attached at Appendix 'A' be adopted with immediate effect

586. ANNUAL ASSEMBLY OF STANDARDS COMMITTEES

The Vice-Chairman circulated an account of the Annual Assembly of Standards Committees which she attended in October 2009 and a copy of 'The Standard', which was the Conference newsletter.

Members noted that the overall theme and objective of the Conference was 'Working Together' and bringing Standards into focus by bringing strategic issues for ethical governance to the fore.

The Vice-Chairman had attended some interesting workshops on Local Assessment, Effective Joint Working, 'Local Standards Live' and Managing Investigations with Confidence. Other issues that had arisen included the importance of having well trained Councillors, how to deal with dysfunctional parish councils, reciprocal arrangements for Standards Committees between different local authorities and how to deal with complaints about Members in a timely manner.

It was agreed that the work of the Standards Committee was key, and that having independent non-elected Members was important as a means of demonstrating independence particularly when dealing with the more traditional 'Standards' as apposed to 'Audit' issues.

The Committee noted that a revised Standards Code was due to be introduced in May 2010 which would affect all local authorities.

[After the meeting the Council received notice that the new Code would not be introduced until after the next General Election]

Officers agreed to circulate details of the 2010 Assembly, when available, and whilst the Vice-Chairman enjoyed attending, was happy for other Members of the Committee to attend instead.

587. ASSESSING THE IMPACT OF STANDARDS COMMITTEES

The Committee noted that the report of Dr Macaulay on identifying notable practice in Standards Committees had now been published. A press release issued by Standards for England had identified Runnymede's successful operation of a joint Standards and Audit Committee – a potentially controversial concept.

Dr Macaulay had concluded that a joint Committee required very careful planning and it was important to take time setting it up and establish clear boundaries. It was clear that the roles and responsibilities of the Committee needed to be explicitly communicated to all Members from the outset and finally, Committee Members should not be overloaded with audit information.

The particular comments of the Chairman were also noted.

In closing the meeting, the Chairman thanked Councillor Davis who was standing down in 2010 for his service on the Committee.

Chairman

(The meeting ended at 8.55 pm)