

Runnymede Borough Council

STANDARDS AND AUDIT COMMITTEE

12 February 2008 at 7.30 p.m.

Members of the
Committee present: Councillors A.J. Davis (Chairman), A.P. Tollett (Vice-Chairman),
I.O. Angell and Ms. R.E. Haylor and Mrs C. Spurling and Mr S. Tully
(Independent Members)

Members of the
Committee absent: Councillor Mrs L.M. Gillham

519. MINUTES

The Minutes of the meeting of the Committee held on 11 September 2007 were confirmed and signed as a correct record.

520. APOLOGIES FOR ABSENCE

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

521. INTERNAL AUDIT

(Ref: Minutes of Standards and Audit Committee, September 2007, page 302, para. 214)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of Exempt Appendix 'C' 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 paragraphs 1, 3 and 7 of Part 1 of Schedule 12A of the Act.

The Committee received details of Internal Audit's 5 year Strategic Plan, progress with audits carried out in the first part of the year and information on the 2008/09 Internal Audit plan.

Members were informed that the Internal Audit Plan (tabulated in previous years' Minutes) no longer contained an element pertaining to Contract Audit owing to a lack of contracts that met the criteria for requiring a review under the Council's Standing Orders. However, it was sensible to conduct an annual review of Procurement which would include a random sample of contracts.

The Committee noted the contents of the 2008/09 plan as set out below:

- 214 days allocated to carrying out systems based audit work to provide assurance on the Council's internal controls (part 1),
- 35.5 days computer audit (part 2),
- 6 days for providing data for the identification of possible frauds and following up information supplied by the National Anti Fraud Network (part 3),
- 10 days to review Performance Indicator calculations (part 3),
- 14 days for External Audit subsidy work (part 3),
- 25 days reserve for unforeseen work, and providing a consultancy service (part 4).

Members noted approximate savings of £10,000 against the budget for 2007/08 owing to four of the technical computer audits being carried forward to enable IT staff to concentrate on preparations for the move to the new civic offices, which had unfortunately been delayed.

In terms of staffing, the Internal Audit section was in a fairly stable position, and Members noted that the contract with Bentley Jennison was due to expire in March 2009. Officers confirmed that Internal Audit had been asked to participate in a review of partnership working with Spelthorne, Surrey Heath and Elmbridge, the outcome of which was not yet available but would be reported to the Committee in due course.

Officers also drew attention to the National Fraud Initiative (NFI) Data Matching Exercise in which the Council participated. A number of Electoral Registration Officers were concerned that release of the

Electoral Register in the way requested by the Audit Commission would be an offence, and legal opinions were in conflict. The Serious Crime Act 2008 might however answer the access question generally in due course. The Council had participated fully in previous years' data matching exercises, although this had proved to be a less fruitful source of identifying fraud than the investigations conducted by the Council's Officers.

Members were satisfied with the report on progress with recent audits.

522. ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL 2007/08

(Ref: Minutes of Standards and Audit Committee, February 2007, page 775, para. 540)

The Committee noted with some concern that having revised the Statement of Internal Control (SIC) the previous year, the Council had been required, as a result of new legislation, to change again to replace the SIC with an Annual Governance Statement (AGS).

In addition, adoption of the CIPFA/SOLACE 'Framework' (a document defining the six core principles of good governance in Local Government) had also been discussed at Director level, and a further report would be brought to the Committee in due course.

The six core principles of the Framework were:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of Members and Officers to be effective; and
6. Engaging with local people and other stakeholders to ensure robust accountability.

Members recalled that the process of reviewing the effectiveness of the system of internal control was very involved, as set out below, and taken from the CIPFA Finance Advisory Network Guide:

1. Establish principal statutory obligations and organisational objectives and apply the six SOLACE/CIPFA Core Principles;
2. Identify principal risks to achievement of objectives;
3. Identify and evaluate key controls to manage principal risks;
4. Obtain assurances on the effectiveness of key controls;
5. Evaluate and identify gaps in controls and assurances;
6. Produce an action plan to address gaps and ensure continuous improvement in corporate governance;
7. Produce the Annual Governance Statement; and
8. Report to Committee.

Officers had identified the following governance issues in the draft AGS as significant:

1. Risk Management
2. Revenue savings targets and efficiency savings
3. Partnership working
4. Business continuity planning
5. Procurement
6. Review of governance arrangements
7. Review of effectiveness of the system of internal audit

In addition, it was agreed to add two new areas for improvement. These were; the internal control risks of moving into the new civic offices and the establishment of appropriate controls surrounding new ways of working, in particular the desire to minimise use of paper records.

Officers agreed to provide clarification of the workings of the new Internet and e-mail usage protocol and time scale for its implementation and details of the water heating arrangements in the Council's own housing arising from a risk related issue.

Officers were commended for their efforts to digest the Governance requirements and produce a comprehensive document which clearly tracked progress. With a few minor amendments suggested, the Committee was content that the Council had demonstrated accountability, again achieving level 3 for its systems of internal control, as awarded by the Audit Commission.

It was agreed that the final version of the AGS would be circulated to Members prior to its submission to Corporate Management Committee in June.

RESOLVED that –

- i) the schedule of evidence be approved;**
- ii) the areas for improvement as identified in the report be approved;**
- iii) progress on issues identified in the Statement of Internal Control 2006/07 be noted; and**
- iv) the content of the draft Annual Governance Statement 2007/08 be approved.**

523. RESPONSE TO CONSULTATION – ORDERS AND REGULATIONS RELATING TO THE CONDUCT OF LOCAL AUTHORITY MEMBERS IN ENGLAND

Members examined a draft response to a consultation from the Department for Communities and Local Government (DCLG) concerning the implementation of changes under the Local Government and Public Involvement in Health Act 2007 as they applied to the functions and make-up of Standards Committees.

The Committee sought some clarification on the issue of 'Fair Process', specifically Members hearing more than one matter relating to the same allegation, and the timescale for the requirement for independent (non-Councillor) members to Chair the Standards Committee.

It was noted that the Director of Administration would respond to the Committee on his return. Members were content to approve the comments as set out to be submitted to the DCLG.

RESOLVED that –

the comments set out at Appendix 'A' be forwarded to the DCLG as this Committee's comments on the consultation paper.

524. OMBUDSMAN INVESTIGATIONS

(Ref: Minutes of Standards and Audit Committee, September 2007, page 305 , para. 219)

The Committee noted the progress with, and where known the outcome of, six matters being considered by the Local Government Ombudsman. In five of the cases there had either been no evidence of administrative fault or the complaint had not been pursued. The outcome of one case was awaited.

525. COMPLAINTS MADE AGAINST MEMBERS

(Ref: Minutes of Standards and Audit Committee, September 2007, page 305, para. 221)

The Committee noted that no complaints had been made to the Standards Board regarding the conduct of Members of the Council since the last meeting.

526. MEMBER TRAINING

(Ref: Minutes of Standards and Audit Committee, September 2007, page 306, para. 223)

Members were aware from a previous item discussed at the meeting on the DCLG Consultation that the way in which complaints against Members would be handled in the future were changing. They were also advised that further changes to the Code of Conduct were possible. In the light of this the Committee suggested that it would be prudent to wait for the intake of new Members in May before further training sessions took place.

Chairman

(The meeting ended at 8.55 p.m.)