

Runnymede Borough CouncilSTANDARDS AND AUDIT COMMITTEE11 September 2007 at 7.30 p.m.

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

Members of the
Committee absent: None.

213. MINUTES

The Minutes of the meetings of the Committee held on 13 February and 16 August 2007 were confirmed and signed as a correct record.

214. INTERNAL AUDIT – REVIEW OF SERVICE PERFORMANCE

(Ref: Minutes of Standards and Audit Committee, September 2006, page 258, para. 211)

The Committee reviewed service performance of Internal Audit (progress with audits actually conducted) during 2006/07 and also considered revisions to the Internal Audit Terms of Reference, as prompted by comments made by Members of Corporate Management Committee when they considered the annual review of the effectiveness of Internal Audit.

Members learned that 38 audits had been conducted in 2006/07 and the following outcomes had been recorded:

Good	4
Satisfactory	12
Satisfactory except for	15
Unsatisfactory	2
Critical	0
No opinion given (e.g. following up previous reports)	5

Members were pleased to be informed that no significant weaknesses had been identified and progress was being made with the two 'unsatisfactory' audit results and 3 outstanding ICT audits.

The Committee noted the bi-ennial 'data matching' exercise undertaken by the Audit Commission which the Council co-operated with. Although 4,307 matches had been identified, none investigated to date had uncovered incidents of actual fraud.

Members were advised that from September 2007 most of the external audit work would transfer from the Audit Commission to KPMG. KPMG had agreed to continue using Internal Audit work to feed into their year end final accounts work to avoid duplication and reduce external audit fees. Unlike the Audit Commission who required work to be carried out in the final quarter of the financial year, KPMG were happy to have the key financial systems audited any time during the year. Officers hoped that this would reduce pressure on auditees who had significant workloads at year end.

However, KPMG would require additional testing for the key financial systems, and a further annual audit to be carried out. This would tie up audit resources currently employed on other audit work.

Officers confirmed that an Internal Audit Strategic Plan would be submitted for approval to the next meeting in February.

At the previous meeting Members had sought reassurance that the move to new civic offices would not have an adverse effect on systems and controls. Officers were satisfied that the larger elements of the project were being actively managed, noting that additional work on key members of staff in respect of the move had a knock on effect, particularly of placing a lower priority on producing evidence for auditors. Officers would continue to monitor aspects of the project to ensure it operated smoothly. It was confirmed that if they so wished, KPMG could audit the new civic offices project should it be deemed necessary.

Members were concerned about managers who did not comply with the auditor's requests for information etc when asked, but were assured that although some audits took longer than desired, they were completed in the end and that delays were due more to other pressures on staff which managed to coincide with the audit rather than an unwillingness to co-operate.

Members asked for their concern to be noted in respect of two items in the Exempt Appendix – which arose from two audits conducted in 2006/07. It was noted that while acceptance of a particular risk was a matter for the Manager to decide, Internal Audit's role was to identify the risk, challenge it and hopefully advise an auditee on ways to reduce that risk, noting that if the advice were not followed the evidence was there to show how and why they had arrived at that point.

However, it was agreed to feed back to the department in question and submit a progress report to the next meeting in February 2008. Officers also agreed to re-consider the wording of that same item to avoid ambiguity whilst retaining flexibility to allow judgement to be exercised on individual audits.

The Committee was content with the proposed revisions to Internal Audit's Terms of Reference, subject to a minor amendment to clarify that the Annual Audit Plan and strategic plan would be circulated to the Heads of Departments prior to being finalised.

RESOLVED that –

the Internal Audit Terms of Reference as amended be approved

215. INTERNAL AUDIT - REVIEW OF EFFECTIVENESS

The Committee received a report setting out details of the annual review of the effectiveness of Internal Audit, carried out by the Directors' Management Team in June 2007 and reported to Corporate Management Committee for their consideration, also in June.

In conducting their review Directors had compared the Council's Internal Audit function with CIPFA's Code of Practice – a template for which was used.

In the majority of cases, the report showed full compliance. In those cases of partial or non-compliance Members learned that Corporate Management Committee had not been overly concerned. This view was shared by Officers.

Although some Members felt that terminology used in the CIPFA template was imprecise or unrealistic, Officers were able to demonstrate that the Council adhered to the underlying principles in practice – through professionalism, adherence to proper codes of practice, and sharing facts with Members to elicit their views and steer.

In respect of conducting Audits with different departments Members were content that these were customised to suit the auditee and followed an agreed timetable, setting out the activities to be audited and an agreed method of testing.

Officers were pleased to report that staffing arrangements in Internal Audit were stabilising well with the most recent appointee proving satisfactory.

Members learned that although Corporate Management Committee had expressed satisfaction with the review, two matters had arisen, on which this Committee's views were sought. These were:

- (i) to consider whether or not there is a need for further protocols to define organisational relationships with internal audit; and
- (ii) to define channels of communication with Members in the Terms of Reference for Internal Audit

Members concluded there was no need to progress either of these matters at this time as a protocol defining organisational relationships might be too wide or too restrictive, thus lacking the necessary flexibility to adapt Internal Audit's dealings to harmonise with the various circumstances of different services within the Council. Members were also content with the existing channels of communication between Internal Audit and themselves.

RESOLVED that –

the Committee is content with the report presented and the actions taken beforehand, and does not wish any matters to be developed further at this time

216. RISK MANAGEMENT

(Ref: Minutes of Standards and Audit Committee, September 2006, page 259, para. 212)

Members enjoyed a presentation which summarised the main issues of risk management before consideration of a detailed report which included a full appraisal of the Council's current position with items on the risk register and progress with the Council's Risk Management Strategy.

The Committee recalled that the Risk Management Strategy required the Council to:

- identify the risk of events occurring that will threaten the achievement of desired objectives;
- put controls in place to prevent these risks occurring or to mitigate the impact of these risks;
- document and prioritise the residual risks;
- produce an action plan to address any residual risks that are unacceptable;
- review the controls that are being operated; and
- report to Committee at least annually on key risks and the way in which the strategy has been implemented.

Officers had reviewed the risk register at a workshop in April 2007. This involved placing risks into clusters on a strategic risk profile (matrix) which recorded the likelihood of risks materialising set against the impact of their realisation. Members noted that 32 corporate risks had been identified. This included 3 deletions and 6 newly recorded risks since the previous year's review. In addition, 5 existing risks had increased and 4 had decreased.

The risks with which the Committee was concerned were 16 that lay above the risk tolerance line. These included issues relating to:

- Financial Savings
- Government Legislation
- Staffing
- Change Management
- Partnership Working
- Housing
- ICT
- Managing priorities

It was noted that in accordance with the Risk Management Strategy an Action Plan had been produced to manage the risks grouped under the aforementioned headings and progress reports would be submitted regularly.

Members were pleased to note the number of courses that had been run in 2006/07 in respect of Health and Safety.

217. STATEMENT OF ACCOUNTS AND THE AUDIT COMMISSION'S ANNUAL GOVERNANCE REPORT

(Ref: Minutes of Standards and Audit Committee, September 2006, page 260, para. 214 and Corporate Management Committee, June 2007, page 106, para. 108)

The Committee received for information the Statement of Accounts and the draft Annual Governance Report produced by the Audit Commission. Both had been presented to Corporate Management Committee in June and early September respectively.

Members noted that the District Auditor had requested that the Leader of the Council countersign the Management representation letter in respect of the Year end Audit in future. Officers had acceded to this request, as approved by Members.

The Committee was pleased to note a satisfactory audit for 2006/07.

218. LOCAL GOVERNMENT OMBUDSMAN ANNUAL LETTER 2006/07

(Ref: Minutes of Standards and Audit Committee, September 2006, page 260, para. 217)

Members noted that thirty complaints had been received about the Council in 2006/07 although no pattern or common thread seemed apparent. Of the thirty complaints, one was rejected as outside the Ombudsman's jurisdiction, sixteen were found to show none or insufficient evidence of fault, six were not taken further at the Ombudsman's discretion, six were referred back to the Council to give it a proper opportunity of considering and responding to the matter, and one was the subject of a 'local settlement'. In a local settlement, although there may be some evidence of fault, the Council agreed to take satisfactory action and the Ombudsman saw no need to complete the investigation.

The Committee noted that in some cases, complaints could be carried by the Council about matters over which they had no authority; they had simply been the focus of the complainant who perceived the Council to be at fault and complained accordingly.

219. LOCAL GOVERNMENT OMBUDSMAN INVESTIGATIONS

(Ref: Minutes of Standards and Audit Committee, February 2007, page 778, para. 545)

The Committee noted that although twice as many complaints had been received about the Council, none had been pursued by the Ombudsman. Members agreed that receiving complaints gave the Council an opportunity to check their procedures to ensure they were robust. Officers confirmed that the Council's relative performance was good.

220. ADJUDICATION PANEL FOR ENGLAND – RECENT CASES

(Ref: Minutes of Standards and Audit Committee, February 2007, page 778, para. 544)

The Committee received a résumé of four recent cases that had been dealt with by the Adjudication Panel for England.

Two cases dealt with how elected Members behaved towards Officers and Members of the public; illustrating that forthrightness was acceptable but bullying was not. Members were directed to the Standards Board for England's website to peruse examples of where complaints had been made and not upheld and other examples of complaints made. Other matters related to abuse of position and declaration of interests.

221. COMPLAINTS MADE AGAINST MEMBERS

(Ref: Minutes of Standards and Audit Committee, February 2007, page 778, para. 546)

The Council's Monitoring Officer had received no notification of complaints of breaches of the Code of Conduct against Members of the Council since the last meeting.

222. MEMBERS' INTERESTS - REGISTRATION OF

The Committee was pleased to note that a 100% return on Members' Declarations of Interests Forms had been achieved. Members enquired about sanctions and noted that those not returning their forms could be reported to the Standards Board for England for breach of the Code of Conduct.

223. MEMBER TRAINING

Members discussed their training needs and those of Members generally. It was agreed that training be organised in the Autumn, on a date to be advised, to cover the Member Code of Conduct including issues in respect of acceptable terminology and behaviour towards colleagues, Officers and members of the public. Specific training on dealing with difficult and challenging situations was also deemed necessary.

224. STAFF APPEAL – MATTERS ARISING

The Chairman advised the Committee that he had requested this item to be placed on the Agenda in order to give Members an opportunity to raise any further issues arising from the recent appeal and for Officers to report back on two matters raised immediately after the hearing had taken place.

The Committee noted that in respect of the probationary period for new staff there was a structure of support and communication in place to assist staff and Managers through the period. In practice the actual form this took varied. The appropriate level of monitoring, including use of internet and flexitime systems needed consideration for staff generally (see following paragraph).

Members were advised that protocols for the use of e-mail, and internet for personal use were going to be revised for the new offices, but that on-screen advisory messages to staff had now been installed which were activated whenever staff accessed the internet to advise them that their usage was being logged. Members discussed whether more active monitoring of staff internet access would be beneficial.

The other issue raised was that of recording absences from the office on the flexi-time system. Members were interested from a health and safety angle (knowing who was on-site at any one time in case there was an emergency). Again, Officers confirmed that the Personnel Officer would be undertaking a review of the guidance taking their concerns into account, for the new offices where a different security system and swipe cards were likely to be utilised.

Chairman

(The meeting ended at 9.41 p.m.)