

## AUDIT COMMITTEE

### Minutes of a meeting of the Audit Committee held at the Community Fire Station Dunstable on Thursday 19 March 2009

**Present:**

**Councillors:**

Green (Chairman)  
Machin  
Snelling

Forde  
Murray

**In attendance:** Kay Storey – Audit Commission  
Nigel Smith – Audit Commission

**Officers attending:** Ms Stevens, Mrs Levinson, Mr Mills and Mrs Hulks

#### 24. MINUTES

**RESOLVED** to approve the minutes of the meeting of the Committee held on 21 January 2009 as a correct record and to authorise the Chairman to sign them.

#### 25. SPECIFIC DECLARATIONS OF INTEREST

None.

#### 26. ANNUAL AUDIT AND INSPECTION LETTER

Members received the Annual Audit and Inspection Letter (AAIL) which had been prepared by the Audit Commission.

The AAIL did not, on this occasion, set out a Direction of Travel Analysis due to the council reorganisation taking place. This had been agreed nationally.

The document outlined some of the improvements that had been made during the 2008/09 period and acknowledged the time that had needed to be spent by officers on the transition to becoming a unitary authority.

The new authority would be taking forward the work on Health Inequalities and the good initiatives that had been set up.

The Audit Commission stated that retaining the Use of Resources score from the previous year was very positive as this had not been reflected nationally.

Issues that had been highlighted previously had been addressed well.

Members commented that the document made depressing reading. They felt that the report did not reflect the hard work undertaken to deliver "a safer district where there is less crime", (paragraph 23) an area in which the authority could

not have much impact. Likewise, health inequalities were not the responsibility of the authority.

Members were also unable to understand the issue regarding the amount of waste collected (paragraph 21). It was possible that the amount of waste collected might be high compared to other authorities who might incinerate and there needed to be consideration of the environmental impacts of the two methods of disposal.

The Committee considered that the AAIL did not explain the background to some of the issues and that this could make it difficult for residents to recognise the things that had been achieved. Members were advised that this would have been more apparent if the direction of travel had been considered.

Members asked for an explanation of the term “low demand” in respect of homes (paragraph 22). They also questioned the percentage of council tax being collected by the best performing authority as 100%.

The Portfolio Holder for Resources commented that the AAIL in its written form read very differently to that presented by the Audit Commission at the meeting. He asked that the document should be reviewed and that Members’ comments should be incorporated.

The document seemed to highlight two negative issues for every one positive and he thought that the officers must be disheartened by the content. He was also uncomfortable with the comments on benefits. He felt that the result of being in the top 25% for accuracy was more important than the result for collection levels.

Members echoed this and commented that the transformation in the benefits service compared to three years ago was very positive and, even if not currently performing to top levels, it was a vast improvement on the previous situation. It was not a service that could be transformed overnight.

Of the three Performance Indicators that were shown as failed, two were now on target.

**RESOLVED** that Nigel Smith would review and incorporate the comments in the AAIL. The document would then be emailed to all Members of the Committee and the Portfolio Holder for them to comment. Their comments to be fed back via the Chairman.

## **27. USE OF RESOURCES**

Members received a report, prepared by the Audit Commission, which commented on the Use of Resources and how it focused on having strategic financial management, sound governance and effective financial reporting arrangements. The results from this assessment would be carried forward to Central Bedfordshire.

The scores for Financial Management and Value for Money had remained at three. Financial Standing and Internal Control had improved from two in 2007 to three in 2008. The only score to slip was that for Financial Reporting. This was

due, in some part, to changes in the SORP, particularly in respect of the valuation of the housing stock.

Some concern was expressed by Members regarding only achieving level 2 for Key Line of Enquiry (KLOE) 4.3. It was explained that there was a requirement for more regular review of the Risk Register during the transfer of services and functions to Central Bedfordshire, and for all officers to receive training in ethics

The Portfolio Holder pointed out that some of the reporting criteria had changed and that the Council had retained the same score but at a higher standard.

**NOTED** the report.

## **28. RISK REGISTER**

Members were advised that there had been no changes to the Risk Register since it was last presented to them. The reason for bringing it to this meeting was so that it could be formally agreed prior to being passed on to Central Bedfordshire.

Members queried whether the risk assessment for ICT3 was adequate and were assured that it was considered so by Rob Wood. Back up arrangements had been put in place, but these were not necessarily as robust as required but that this was to be tolerated. Members queried whether it was acceptable to tolerate this at such a critical time and they were informed that the Risk Register reflected the current situation, but Central Bedfordshire would have a more secure system in place. The Audit Committee at Central Bedfordshire would follow up on this.

It was agreed that C3, which related to the Grove Theatre, was no longer applicable and should be removed from the register.

**RESOLVED** to approve the SBDC Risk Register and formally hand it over the Central Bedfordshire.

## **29. INTERNAL AUDIT PROGRESS REPORT**

Members received a report that informed them of the progress made by the Internal Audit Service to the end of February 2009. Officers were also able to provide an update of some progress made since that time.

Issues highlighted were as follows:

- The report on Leisure Facilities would be prepared and presented at the close out meeting on 19 March.
- The final report had been issued on the subject of Housing Benefits Provision.
- The final report had been issued on Housing Rents and a Full Assurance rating had been given.
- The final report had been issued on Council Tax.
- The final report was imminent on Housing Day-to-Day repairs.
- The final report was also due on Housing – Service Contracts. This audit had resulted in a Limited Assurance rating due to problems with insufficient evidence of the procurement process.

The Audit Service had completed 90% of the planned audits and had performed well against their performance indicators.

A full report was being prepared for the handover to the Audit Manager and Nick Murley at Central Bedfordshire. This report would include any recommendations made by this Committee.

Members agreed that they wished Central Bedfordshire to look at the methods to be used for taking on consultants.

The Chairman, on behalf of the Committee, thanked officers for their work.

**RESOLVED** to recommend to Central Bedfordshire that a review should take place of the methods to be used to employ consultants.

### 30. ANNUAL GOVERNANCE STATEMENT

Members received a report which informed them of the content of the Local Governance Statement and which asked for their approval of the document prior to referring it to Central Bedfordshire for inclusion within the 2008/09 Statement of Accounts for South Beds District Council.

The Annual Governance Statement explains how the council has complied with regulations in relation to the publication of a statement on internal control. It also details any future actions that may be needed to strengthen corporate governance arrangements.

Issues were highlighted as follows:

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| 3.0 f     | Engaging with local people and other stakeholders to ensure robust public accountability is reflected in the Sustainable Communities Strategy.   |
| Page 8/7  | South Bedfordshire had adopted the Luton Compact as its framework for working with the Third Sector. Central Bedfordshire would honour all existing contractual arrangements that South Bedfordshire had in place.   |
| Page 8/11 | Details of the Investors in People re-accreditation and Development Control Charter Mark accreditation are shown here.   |
| Page 8/12 | Information on the proposed committees and information on the Skills for Change programme that has been made available to employees.   |
| Page 8/16 | Issues that had been previously identified for further work were shown in this part of the report with details of actions/progress to date.  |
| Page 8/17 | Issues that would need some work by Central Bedfordshire were identified as: <ul style="list-style-type: none"><li>• Management of the Asset Base</li><li>• Extension of the arrangements for the provision of standards and ethics training to officers</li></ul> |

Members were advised that the concerns regarding the Asset Base were mainly regarding the valuation of the assets.

Officers advised that this would feature in the Audit Plan for Central Bedfordshire.

**RESOLVED** to approve the Annual Governance Statement and to agree that it should be referred to Central Bedfordshire for inclusion within the 2008/09 Statement of Accounts for South Bedfordshire District Council.

As this was to be the last meeting of this Committee, the Chairman thanked all of the Members for their work and the officers for their support, in particular Jacky Levinson, Chief Internal Auditor and Gabrielle Stevens, Corporate Service Manager Business Services.

CHAIRMAN