

Agenda Item: 12

Meeting: Audit Committee

Date: 29 June 2009

Subject: Annual Audit Letter for the Citizens' Services Partnership

Report of: Director of Corporate Resources

Summary: The report proposes that the Audit Committee note the Audit Commission Annual Audit Letter relating to the former Citizens Services Partnership and endorses the review undertaken by the Joint Authority Member Task Group.

Contact Officer: Nick Murley, Assistant Director of Audit and Risk

Public/Exempt: Public

Wards Affected: All

Function of: Audit Committee

RECOMMENDATIONS:

1. That the Audit Committee

(a) Note the Annual Audit Letter attached at appendix A

(b) Endorse the recommendations of the review undertaken by the Joint Authority Member task Group attached at appendix B

Background

1. The Citizens Services partnership (CSP) was established in October 2001, to promote a joint approach to the implementation and operation of cross cutting eGovernment technology and business processes across Bedfordshire.
2. By December 2004, it eventually consisted of three partners, Bedfordshire County Council, Mid Bedfordshire District Council and South Bedfordshire District Council.
3. During the life of the CSP, detailed reviews were carried out by Internal Audit (of the former Bedfordshire County Council) and by a joint Member task force, to ensure adequate governance arrangements were in place for the partnership.

4. Some of the key findings included:
 - A lack of clear vision of the purpose to direct and control the CSP
 - Confused roles and responsibilities and lack of accountability of both Members and officers
 - An ineffective system of financial control and weak procurement procedures
 - A lack of awareness and attention given to the findings of Internal Audit reports regarding the CSP
 - Poor assessment of capacity and skills required to manage the project
 - Inadequate leadership and poor value for money
5. In addition to this the Police carried out investigations into some financial irregularities. The CPS advised that there was no reasonable prospect of a conviction, and therefore no further action was taken.
6. As a result of all of the above the CSP was formally dissolved in July 2007.

Annual Audit Letter

7. As part of their role, the Audit Commission also undertook a code of practice audit on the CSP financial statements for the three years 2004/05, 2005/06 and 2006/07. The code requires the Audit Commission to review and report on the accounts and the arrangements that are in place for securing economy, efficiency and the effective use of resources. The Annual Audit letter, attached at appendix A, sets out the findings.
8. The Audit Commission issued a disclaimed opinion on 8 June 2009 on the 2004/05, 2005/06 and 2006/07 financial statements. A disclaimed opinion is issued when the auditor could not form, and refuses to present, an opinion on the financial statements. This is more extensive than a qualification where it is possible to refer to one particular area or issue.

Joint Authority Member Task Group

9. During the latter stages of the partnership a member task force was formed to look into the failings of the partnership. After much work and investigation the group produced a report setting out their conclusions and made recommendations for future partnership working. This report is set out as Appendix B.
10. As a result of the recommendations all three legacy authorities made immediate changes to their processes and procedures to ensure that the same issues never reoccurred in the future.
11. Central Bedfordshire has also recognised the issues arising from the CSP failure and included the recommendations from the Joint Authority Member Task Group in the new Constitution.

Conclusion and Next Steps

12. The CSP was formally dissolved in July 2007 and as such there are no direct implications for Central Bedfordshire or Bedford Borough Council. There is a small risk that some of the grant funding (£1.6m) made available by the government could be repayable. As part of the approval of the Statement of Accounts we will decide how we best deal with this.
13. As a result of the recommendations made by the Member Task Group, improvements have already been made to processes and procedures surrounding our partnership governance arrangements and have been included in the Central Bedfordshire Constitution.
14. Good examples of much improved governance arrangements exist in the Bedfordshire Energy and Recycling (BEaR) project as well as proven in the programme management arrangements used to implement the Local Government Reorganisation in Bedfordshire.

CORPORATE IMPLICATIONS

Council Priorities:

We need to have robust processes and procedures in place to manage all governance arrangements for any contracts or partnerships supporting our priorities.

Financial:

There is a small risk that a grant provided to support the CSP could be repayable to the government and is in the order of £1.6m.

Legal:

None

Risk Management:

Any project or partnership that does not have sound governance arrangements is likely to fail. The lessons learnt from the CSP are numerous but our Constitution, working practices and procedures have been improved to remove the risk of these problems occurring again in the future.

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Development/Safety:

None

Sustainability:

None

Appendices:

Appendix A - Annual Audit Letter of the Citizens Services Partnership

Appendix B – CSP A Review Undertaken by the Joint Authority Member Task Group

Background Papers:

None

Location of papers: Priory House, Chicksands