

THE MINUTES OF THE MEETING

OF THE AUDIT COMMITTEE

HELD ON THURSDAY 12 JULY 2007

Present: Councillor G Pinkney (Chair)
Councillors B Bates, E Bell,
Mrs G Bleasdale, G Johnson, K McGonnell,
B Quinn and P Stradling

Apologies: Councillors R Davison and R Liddle

1 **THE MINUTES OF THE LAST MEETING** held on 14 June 2007, a copy of which had been circulated to each Member, were confirmed.

2 **INTERNAL AUDIT PROGRESS REPORT**

Consideration was given to the report of the Audit Manager which gave details of progress made completing the 2007/2008 Internal Audit Plan, a copy of which had been circulated to each Member.

G Fletcher, Audit Manager advised that this was the first progress report for the financial year covering the period April – June 2007.

Appendix 1 summarised the planned audit work completed by Internal Audit in relation to concessionary travel together with the objectives of the audit, the conclusions and recommended actions agreed with the auditee.

Appendix 2 was a list of planned audit work currently in progress which would be carried forward to the next quarter. Some of these had been completed but either had outstanding queries or were being reviewed.

RESOLVED that the information contained within the report, be noted.

3 **DATA QUALITY ARRANGEMENTS**

Consideration was given to the report of the Principal Corporate Development Officer on data quality arrangements, a copy of which had been circulated to each Member.

M Readman, Principal Corporate Development Officer advised that the report informed Members of the recommendations of the inspection of the Council's data quality arrangements, the work undertaken by the Council last year to improve and presented an updated action plan to address areas for further improvement.

The Audit Commission's move towards more strategic regulation would ultimately mean less emphasis on auditing a large number of specific performance indicators each year, focussing on the Council's own arrangements for ensuring that the data it submitted and acted upon was robust and reliable, and that the Council's reporting and performance management mechanisms were operating effectively.

There were three stages to the review process and details of these were set out in the report. Stage 3 involved the selection of three Performance Indicators to be audited by the Audit Commission. These were BVPI 82a - recycling of household

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waste, BVPI 82b - recycling in relation to composting and BVPI 184a - proportion of non decent Council homes.

A copy of the full report detailing the findings and recommendations of the Audit Commission in relation to the data quality review was attached as Appendix 1 to the report.

Following the review the Council had strengthened arrangements for monitoring and reporting data quality in a number of ways, details of which were set out in the report.

As outlined in the existing action plan around data quality, Officers had completed the agreed programme of audits over the course of the last year on selected indicators. These findings had resulted in some changes within certain areas and improvement recommendations being made to Service Managers. A summary of these findings was attached as Appendix 3 to the report.

In response to a question in relation to target setting, M Readman confirmed that target setting was realistic and this was achieved through analysis, information and work plans. Targets were now set on a quarterly basis to enable closer monitoring and she added that this also allowed for early intervention where performance was slipping.

In relation to BVPI 64 – vacant dwellings returned to occupation or demolished, a Member asked if performance would slip as a result of the current vacant post of Empty Properties Officer. M Readman assured the Member that this had already been identified and was being closely monitored to prevent slippage.

Reference was made to customer satisfaction with EDH and repairs and maintenance and M Readman advised that EDH measured customer satisfaction annually and this had shown improvement year on year. The Audit Commission proposed to look specifically at indicators relating to decent homes and litter and detritus across all Districts and these would be audited in the next couple of weeks.

A Member referred to the summary of BVPIs for 2006/7 and BVPIs 78a and b where the Audit Commission referred to human error in benefits processing. D Temple advised that at present the software system used could not double-check for human error and was done manually, however this was to be discussed with the supplier. He added that the Council was in the top quartile for BV 78b although there had been a slight slippage from 100% - 98.6% in the last year due to a slight drop in performance in the first quarter. Performance remained at 100% for the remainder of the year. For clarification he explained that this indicator was calculated from a sample of 125 claims.

Members advised that notwithstanding the Council's performance in relation to the benefits indicators they received a number of complaints/queries and D Temple agreed to discuss any individual cases with Members following the meeting. He added that in terms of Department for Works and Pensions Standards the Council scored very highly (3 out of 4). M Readman added that the last customer satisfaction indicator in relation to benefits had shown a dip in performance and as reported at the last meeting had been identified for attention during 2007/8.

Following discussion it was **RESOLVED** that:-

- (a) the report of the Audit Commission in relation to the audit of the Council's data quality arrangements, be noted;

(b) the action plan for improvements to data quality arrangements, be agreed.

4 RISK ASSURANCE WORK PLAN DECENT HOMES/ALMO

D Temple, Head of Financial Management and I Morris, Head of Housing were in attendance to provide a report in relation to the risk assurance work plan for decent homes/ALMO.

Members were circulated with a briefing note on this which advised of actions currently being undertaken to manage the risks around the achievement of the decent homes objective.

D Temple advised that many of the risks outlined in the table within the briefing note had assumed the achievement of two star status. As this had not occurred these risks had not materialised and would be managed later in the process.

Whilst inspections to date had been disappointing, the Council was supporting the Company in a number of ways. He advised that a support team had been set up in January 2007 to try and bring about the changes necessary to achieve two star status. However the recent audit report showed that the Company was still one star and had more work to do. Council officers were working with the Company to address the issues highlighted by the housing inspector in his recent report. The monies earmarked by the Government would be time limited and the next inspection was likely to be the last.

He added that in the last fifteen months the Housing Revenue Account had been reviewed and Internal Audit had advised and assisted the Company on its financial management arrangements and budget procedures. They were currently working with the Company to develop a five year HRA business plan and the newly appointed Chief Executive, P Tanney was to address closer working arrangements with the Council.

In discussing the Workplan, Members referred to risk no. 0017 and stressed the need for a 'contingency plan' in the event that two star status was not secured. Members also expressed concerns in relation to the inspection process and judgements and commented on the costs of appointing specialist consultants specifically to assist the Company in achieving two star status.

In response, I Morris stated that when EDH was established, an ALMO had been the only viable option available to the Council. At the time the loan debt exceeded the value of the stock, however this position had now changed. He confirmed that other options available to the Council were now being examined and Members would be kept informed of progress.

He continued that as part of the risk management process, following the last inspection, a decision had been taken to appoint consultants with experience of working with other ALMOs who had secured two star status. Whilst Members concerns around the inspection process were acknowledged the Company had been judged as one star and he agreed with Members that there was now a need to review the available options in the event that two star status was not achieved.

With regard to risk no. 0002 in relation to contractors costs, D Temple advised that this did not apply to the repairs and maintenance contract which was within budget and closely monitored.

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A Member referred to the forthcoming review of the repairs and maintenance contract and risk no. 0029 – lack of availability of quality contractors. I Morris explained that discussions were ongoing with partners in relation to future working with East Durham Homes particularly if two star status was not achieved. He added that the lack of available quality contractors was not peculiar to Easington and was a national problem in the construction industry. This had therefore been identified as a risk in the Corporate Plan.

Following discussion it was **RESOLVED** that the information given, be noted.

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