

Item 9a

SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 1

Conference Room 1,
Council Offices,
Spennymoor

Tuesday,
22 November 2005

Time: 10.00 a.m.

Present: Councillor A. Gray (Chairman) and

Councillors Mrs. K. Conroy, B. Hall, D.M. Hancock, K. Henderson,
J.G. Huntington, J.M. Khan, B. Meek, G. Morgan, Mrs. I. Jackson Smith
and K. Thompson

In Attendance: Councillors Mrs. B.A. Clare, Mrs. J. Croft, V. Crosby, Mrs. L. Hovvels,
Mrs. E.M. Paylor and T. Ward

Apologies: Councillors Mrs. A.M. Fleming and J.M. Smith

OSC(1).25/05 DECLARATIONS OF INTEREST

Members had no declarations of interest to submit.

OSC(1).26/05 MINUTES

The Minutes of the meetings held on 4th October 2005 and the 11th October 2005 were confirmed as correct records and signed by the Chairman. (For copy see file of Minutes)

With regard to the Minutes of the meeting held on 4th October 2005, it was reported that Cabinet had agreed that as the outcome of job evaluation was subject to negotiations with Trade Unions it would not be appropriate for Overview and Scrutiny Committee 1 to consider the report prior to Cabinet making a decision.

The recommendations in relation to energy monitoring arrangements (Minute OSC(1) 23/05 refers) were supported by Cabinet.

OSC(1).27/05 INTERNAL AUDIT SERVICE - REPORT FOR HALF YEAR ENDED 30TH SEPTEMBER 2005

Consideration was given to a report of the Director of Resources (for copy see file of Minutes).

The report outlined the work undertaken in the initial six month period of the internal audit plan for 2005/06 which had been considered and approved by Overview and Scrutiny Committee 1 on the 29th March 2005.

It was explained that the approved audit plan scheduled a total of 812 man-days for the full year with a half year target performance of 432. The plan monitoring reports showed that a total of 431 days had been achieved.

Progress on the areas of work requiring the continuing involvement of the internal audit staff were outlined as follows: -

Regularity Audit

The programme of regularity audit for the half-year had been substantially completed. Those areas not finalised, which included Spennymoor Leisure Centre, Supporting People Programme, Accounts Payable System Housing Benefits and IT, would be progressed shortly.

Performance Management

It was reported that the development of the Council's arrangements for reviewing performance was proceeding.

The Audit Commission's observations on the existing arrangements were under consideration.

Data Matching

Members were informed that during 2004/05 the Audit Commission had undertaken an NFI data matching exercise. This had provided the Council with a number of data matches to investigate.

It was explained that the data matching exercise was an important control in the prevention and detection of fraud and corruption and in contributing towards good corporate governance.

Risk Management

Members were informed that Internal Audit staff continued to be involved in various aspects of risk management affecting the Council.

An electronic risk register had recently been acquired and work was ongoing to ensure that all departments and services could develop and benefit from the system.

Statement of Internal Control (SIC)

Members were informed that the SIC highlighted three areas where remedial action was required - the financial management information system, income collection control and housing property works.

It was explained that the reconciliation processes associated with these financial systems were now up-to-date.

With regard to housing property works it was reported that the Director of Housing was developing a Service Improvement Plan following the outcome of the LSVT ballot. The Service Improvement Plan would comprehensively address the need to demonstrate value for money.

Specific reference was made to the Audit Commission Housing Inspectorate Key Lines of Enquiry (KLOE) assessment criteria. It was pointed out that an important area of the KLOE was the demonstration of value of money.

Members expressed their concerns that although the amount of Council owned housing had decreased as a result of the Right to Buy Scheme maintenance costs had increased.

It was explained that this would be addressed through the development of the service improvement plan and the KLOE assessment criteria.

AUDIT COMMISSION REVIEW OF INTERNAL AUDIT 2004/05

With regard to the review of Audit Commission 2004/05 it was reported that the work of Internal Audit had been reviewed by the Audit Commission. As well as reviewing internal audit files the Audit Commission assessed the service against the standards contained in the CIPFA code of practice for internal audit. The agreed actions were set out in the report.

AUDIT COMMISSION REVIEW OF FINANCIAL MANAGEMENT SYSTEM OF IT CONTROLS

Members were reminded that the Council implemented a new financial management system on the 1st April 2004. The Audit Commission had undertaken a review of the controls of the system and had concluded that the control arrangements were satisfactory.

In conclusion it was reported that much of the work undertaken by internal audit related to minimising the risks to the Council. It was reported that it was important that departmental senior management fulfilled their responsibility to implement appropriate remedial action on those occasions where significant risks were identified.

It was questioned whether any additional checks were required to ensure that the Council's financial processes were adequate. It was explained that Corporate Governance arrangements required all Council processes to be open, fair and transparent.

Members expressed concern that budget overspends were often not identified until the end of the financial year.

It was explained that budgetary control arrangements had been enhanced. The Council's strategic working groups would now receive quarterly reports in respect of those areas of their responsibility. Any variances from the approved budget would be considered. The use of resources was also an element of Comprehensive Performance Assessment.

Specific reference was made to the possible outbreak of pandemic flu and how the Council could maintain key services during a period of high level of sickness absence. Members were of the opinion that staff should be multi skilled and flexible to ensure that key tasks could be carried out.

RECOMMENDED: That the half yearly report be received and that a full year report be considered at the appropriate future meeting of this Committee.

OSC(1).28/05 WORK PROGRAMME

Consideration was given to a report of the Chairman setting out the Committees work programme for consideration and review (for copy see file of Minutes).

Members were updated on the progress of the ongoing reviews.

It was reported that the Area Forum Review Group was coming to the end of the review process. A final meeting was required, however, to clarify remaining issues.

With regard to the review of recruitment and retention it was reported that a final report was being produced.

Detailed discussion took place in relation to the Council's recruitment and selection policies. It was agreed that recruitment and selection policies be included on the work programme.

- AGREED:**
- 1. That the Council's recruitment and selection policies be included on the Committee's Work Programme.*
 - 2. That the Committee's Work Programme as outlined in the report be approved.*

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. L. Walker Tel 01388 816166 Ext 4237 email lwalker@sedgefield.gov.uk