

Public Document Pack

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 26 January 2009

Present: Councillor P Southwood (Chair)

Councillors RL Abbey C Povall
S Mountney S Quinn
J Crabtree

48 DECLARATIONS OF INTEREST

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were. No such declarations were made.

49 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meeting held on 1 December 2008. In response to a question from the Chair in relation to reports that she expected to be included on the present agenda (minute 39 (3) and (4) and minute 44 refer), the Director of Finance commented that internal audit reports in relation to the Adult Social Services Charging Policy and Data Security were near to completion and would be presented to the next meeting of the Committee.

The Director of Law, HR and Asset Management commented that the investigation into issues related to the Adult Social Services PIDA Disclosure by the independent investigator had not been completed. However, he hoped to be able to report upon the outcome to the next meeting of the Committee.

Resolved – That the minutes of the meeting held on 1 December 2008 be approved.

50 AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE

Further to minute 40 (1 December 2008), the Director of Finance reported upon progress in the implementation of the action plan to deliver the recommendations contained within the Audit Commission Annual Governance Report which had been presented to the Committee on 30 September 2008 (minute 22 refers).

Resolved – That progress on the delivery of the Action Plan be noted.

51 CORPORATE GOVERNANCE

The Director of Law, HR and Asset Management presented the Council's proposed new Code of Corporate Governance, which had been produced in line with guidance contained within the framework document published jointly by CIPFA/SOLACE in

July 2007 'Framework for Delivering Good Governance in Local Government'. He set out the core principles contained within the framework and commented that the key review element was the Annual Governance Report, which was subject to audit by the Audit Commission.

The Internal Audit Section undertook extensive work to provide sufficient evidence to support the production of the Annual Governance Statement and the process was overseen by the Corporate Governance Group, chaired by the Chief Executive. The Committee was also provided with regular updates via the Internal Audit Update report. He commented that the Code would be referred to the Standards Committee, the Cabinet and Council, and would become part of the Council's constitution. It would be communicated to staff either on induction or by way of the key issues process and measures would be put in place to ensure that all members of staff confirmed their understanding and compliance. It would also be reviewed on at least an annual basis.

Resolved – That the Code of Corporate Governance be endorsed and referred to the Cabinet for further consideration.

52 CORPORATE RISK REGISTER

The Director of Finance summarised the process used to develop the Corporate Risk Register and confirmed the outcome of the recent review undertaken by Chief Officers. He appended the draft of the revised Register which had been considered by the Cabinet on 10 December 2008 (minute 290 refers). The Cabinet requested the presentation of a full update to the Register by June 2009 and agreed that progress in managing the corporate risks should continue to be included in the quarterly Financial and Performance Monitoring Summary reports.

Resolved –

(1) That the Cabinet be advised that this Committee considers the completion of the Risk Register to be urgent and that it should be completed before June 2009.

(2) That a further report be presented to the next meeting of the Committee with regard to the criteria used in scoring risks.

(3) That the Director be advised that the initial views of this Committee in relation to the Corporate Risk Register are that –

- (i) the risks contained within the Register should be listed with the highest Net Risk Scores first and the lowest last; and**
- (ii) Risks 25 and 26 should be merged.**

53 CORPORATE RISK AND INSURANCE MANAGEMENT

The Director of Finance provided information on recent progress in relation to Insurance Management and Corporate Risk Management and set out anticipated developments in the coming months. He was pleased to report that after extensive negotiation, a payment for £1,453,612 in settlement of the Rock Ferry High School fire had been received from insurers, which was the final fire claim from the

2003/2004 account year for which settlements totalling £200,000 were included in his report to the last Committee. However, although negotiations in respect of the Liscard Hall fire continued, members expressed their disappointment that indications from an independent commercial property expert were that the pre-fire commercial value of the property would be limited, particularly with regard to the value of the building to the local community.

Resolved – That the report be noted and a further update be presented to the next meeting of the Committee.

54 **COMPREHENSIVE AREA ASSESSMENT**

The Deputy Chief Executive/Director of Corporate Services provided an update on the changes to the Audit Commission's approach to assessing the performance of partnerships and other public bodies, including local authorities. He provided details of the authority's historical performance under the CPA regime, which was in its final year and commented that performance for the first year of CAA would be judged on current 2008/2009 data. He set out the main changes proposed under CAA and indicated that judgements would be made on achievements of the entire local strategic partnership, being based on the following main questions –

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvements?

Each had a number of sub-questions and answers to them would be probed in some depth by the Audit Commission. He reported that evidence for answers would come from a number of sources, including performance against LAA outcomes and national indicators, local performance management, inspection work, other regulatory regimes, partnership self-assessment, place survey and other consultation work and any other relevant sources of data. Whilst the area assessment would not be scored, it would contain a narrative judgement on the area and could include a series of red and green flags. The Audit Commission did not intend to attribute a large number of flags, as they were intended to highlight only important issues. Green flags would be awarded for any areas of exemplary good practice that should be shared with other partnerships and red flags would be attributed to areas where two conditions applied at the same time – where outcomes/improvements were not being achieved, a red flag may be raised, but only if the partnership did not have realistic and effective plans in place to tackle them, either because the partnership was not aware of the problem or did not accept it was an issue, or because plans were not robust or adequately resourced.

He reported also on organisational, scored assessments on which the Council would be judged and highlighted specific implications of the CAA regime for Wirral.

Resolved – That the proposed changes following from the introduction of comprehensive area assessment and the pilot of the CAA self-evaluation toolkit be noted.

55 **COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES**

The Director of Finance provided details of the Audit Commission project brief for the Comprehensive Area Assessment Use of Resources 2009 assessment for 2008/2009. The new UoR assessment had value for money at its centre and comprised the following key themes –

- Managing Finances
- Governing the Business
- Managing Resources

Each were divided into ten key lines of enquiry and the Director commented that the UoR score would again be based upon a standard four point scale and would again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores were also likely to restrict the number of authorities achieving four stars.

He reported that the 2008 UoR assessment would be formally announced on 26 February 2009. However, although the notification was embargoed by the Audit Commission until 26 February, authorities received their 2008 notifications on 8 December 2008 and appeals could be submitted against the initial notification. The 2008 assessment was based on the 31 March 2008 position and he reported that since this date officers had continued to work on a number of areas to deliver further continuous improvement which would be reflected within future assessments. Improvements had ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the Strategic Asset Review and further development of the procurement strategy and the change programme.

The project brief highlighted a number of developments within the new UoR and he indicated that Audit Commission fieldwork would be undertaken between January and April and would include the review of key documents, interviewing officers and members and reviews of agendas and minutes. He commented that the approach seemed to provide flexibility and for the assessment to be based on a rounded view of achievements. The UoR score would be reported within the Annual Governance Report and the final CAA organisational assessment would be reported in November 2009.

Resolved –

- (1) That the 2009 Use of Resources Project brief be noted.**
- (2) That regular reports be presented on progress on the Use of Resources.**

56 **AUDIT COMMISSION REPORT - DATA QUALITY**

The Deputy Chief Executive/Director of Corporate Services presented the Audit Commission Report on Data Quality for 2007/2008. The scope of the review followed a three stage approach, which focused upon Management Arrangements, an Analytical Review and Data Quality Spot Checks. Detailed findings of the review and an action plan which set out the recommendations were set out in the Audit

Commission report. He reported that a comprehensive action plan would now be developed and implemented, which would combine the findings and recommendations from both the Audit Commission and the Council's own internal audit recommendations during 2007/2008. The action plan would also incorporate any outstanding recommendations from the Audit Commission's review in 2006/2007.

The Chair referred to one of the findings set out in the report, which noted that performance reports to the Cabinet and to various overview and scrutiny committees were frequently some three months after the quarter end, which made it difficult for members to provide effective challenge. She requested a report to the next meeting with regard to the extent of the submission of late reports to the Cabinet, regulatory committees and overview and scrutiny committees. The Director of Law, HR and Asset Management commented that although the information would be made available in a report, it would essentially be a snapshot of the numbers of late reports, as the reasons for late submissions were wide-ranging and were not recorded.

The Chair referred also to Recommendation 9 in the detailed findings, which found that although the HIP HSSA repeat homelessness indicator was fairly stated, the corporate Data Quality policy had not yet been fully implemented and guidance/procedures for calculating the indicator were not yet documented in all service areas. The Deputy Chief Executive indicated that the policy had been circulated to all relevant staff and the provision of further training to ensure full implementation would be monitored by the key issues process.

Resolved –

(1) That the report be noted.

(2) That a report be presented to the next meeting with regard to the extent of the submission of late reports to the Cabinet, regulatory committees and overview and scrutiny committees.

(3) That the officers be requested to liaise with the Chair with regard to the submission of late reports to the Audit and Risk Management Committee

57 AUDIT COMMISSION REPORT - DEMOCRATIC SERVICES

Further to minute 42 (1 December 2008), the Director of Law, HR and Asset Management reported upon progress in relation to two outstanding recommendations contained within the action plan, which had resulted from the Audit Commission report on Democratic Arrangements. With regard to Recommendation 1, to assess and review the amount of senior officer time spent on serving the current democratic arrangements and whether that currently provided value for money, the Director set out information in relation to the amount of senior officer time spent on serving the democratic process during the cycle from 4 November, to Council on 15 December 2008.

Recommendation 3 was to review the current scrutiny committee structure and clearly identify the remit of each committee in order to reduce duplication of activity and review, including –

- ensure that performance information is reported to the most relevant committee; and
- that all committees have put in place a work programme for the coming municipal year.

He referred to the decision of the Cabinet on 9 July 2008 (minute 126 refers) which considered a system of five overview and scrutiny committees to mirror the five Corporate Objectives and commented that the Cabinet would shortly consider a report on the committee structure. Once the final future structure for overview and scrutiny committees was agreed, Officers would put in place arrangements to ensure that performance information was reported to the relevant committee. All scrutiny committees had agreed work programmes for 2008/2009.

Resolved – That the report be noted.

58 **ACCESS TO SERVICES**

The Director of Finance presented the Audit Commission report on Access to Services, following the inspection undertaken in September 2008. He commented that all departments and partners played key roles in the process and inspectors had interviewed a cross section of employees, partner representatives and user representatives from across a broad spectrum of Council services. He summarised the inspection findings, which assessed Wirral Council (on a scale of zero to three stars) as providing “good, two star access to services that has promising prospects for improvement ... because of its impact on improving and providing access to services to meet the needs of the borough’s diverse communities – one of the Council’s aims.” The Director was pleased to report that the assessment had not been exceeded by any top tier local authority and he referred to three recommendations contained within it, which were intended to help the Council improve further.

In response to a comment from the District Auditor, the Director indicated that the inspectors had not required the production of a formal action plan and he set out the action to be taken to address the issues identified by the Audit Commission. In response to further comments from members, the Director agreed to produce a formal action plan for submission to a future meeting of the Committee. He commented that the issue of access to services was an intrinsic part of the Council’s Change Programme approved by the Cabinet on 10 December 2008 (minute 294 refers) and officers were considering how best to manage the programme and ensure integration of individual projects through the Corporate Improvement Group.

Resolved – That the report be noted.

59 **INTERNAL AUDIT WORK: NOVEMBER - DECEMBER 2008**

The Director of Finance reported that in order to assist in effective corporate governance and fulfil statutory requirements, the Internal Audit Section of the Finance Department reviewed management and service delivery arrangements within the Council as well as financial control systems. Work areas were selected for review on the basis of risks identified on the Corporate Risk Register and as assessed by Internal Audit in consultation with Chief Officers and Managers. His report identified and evaluated the performance of the Internal Audit Section and

included details of the actual work undertaken over the period November to December 2008. During the period, 55 audit reports were produced and 56 high and 28 medium priority recommendations were identified in the reports issued. Items of note included a review of Data Security arrangements, which was near completion and would be presented to the next meeting of the Committee.

In response to comments from members in relation to the effects of staff vacancies, the Chief Internal Auditor indicated that performance was below target for the time of year and was directly related to ongoing staffing issues. Audit work had been prioritised during the period and he commented that a recent recruitment drive had achieved some success. He anticipated that the Job Evaluation process would resolve some vacancy issues, and that it was due to be completed within three months.

Resolved –

(1) That the report be noted.

(2) That the concern of the Committee with regard to the effects of staff vacancies be noted.

This page is intentionally left blank