



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 3 FEBRUARY 2009 at 6.00PM
Venue	COMMITTEE ROOM 1, COUNTY HALL, NEWPORT
Present	Cllrs Colin West (Chairman), Ivan Bulwer, Mike Cunningham, Jonathan Fitzgerald-Bond, Erica Oulton
Officers Present	Jon Baker, Candace Bloomfield-Howe, George Hook, Peter Oakeshott, Ged Richardson, April Ross, Richard Williams
Apologies	Cllr Anne Bishop, Cllr Vanessa Churchman, Mr Kevin Suter (Audit Commission)

44. **Minutes**

RESOLVED:

THAT the Minutes of the meeting held on [4 November 2008](#) be confirmed.

45. **Declarations of Interest**

There were no declarations received.

46. **Public Questions Time**

There were no questions from the public.

47. **Audit Commission Reports**

47.1 The Committee were advised that due to the inclement weather that had been experienced earlier in the day, representatives from the Audit Commission were unable to attend the meeting. It was therefore decided not to discuss the reports of the Audit Commission.

47.2 Members expressed their concern at the non attendance of the Audit Commission for a second successive meeting and questioned the effectiveness of the reports, in particular the Strategic Asset Management Report, due to the information provided being out of date. There was also concern regarding the value of the services provided by the Commission.

47.3 Members therefore requested that the Audit Commission present any future reports in a timely manner.

48. Internal Audit Outcomes Report – Quarter 3 - 2008/09

- 48.1 The Internal Chief Auditor reported to Members a summary of Internal Audit Performance for the third quarter of 2008/09.
- 48.2 The actual ratio of productive days to total days was 63%. This was 3% better than the planned figure, thus exceeding expectations.
- 48.3 The committee was advised that 79% of the Audit plan was completed by the end of quarter 3. Whilst this was slightly down on the 6 monthly results, the overall target of 95% completion by the end of quarter 4 was seen as achievable.
- 48.4 Three out of the four final Audit reports were given a limited assurance level. These were Income Compliance, ICT Review – Define the Information Architecture and Creditor Payments. The remaining report, the ICT Review of The Revenues and Benefits Computer application, was given a substantial assurance level.
- 48.5 The Chief Internal Auditor advised the Committee that amendments to the 2008/09 Internal Audit Plan could still be amended in the last quarter if required.
- 48.6 The Director for Corporate Services stated that all Information Management issues would be controlled under the remit of Corporate Services and that all staff would be required to attend a corporate training programme called “Information Matters”. This would provide support and guidance for staff responsibilities in relation to such areas as the Data Protection Act and the Freedom of Information Act as well as new corporate policies on Information Security, Protective Marking and Portable File Storage Media.
- 48.7 Other measures to help in the area of data security would include the encryption of laptops and USB data storage devices.
- 48.8 The Chief Internal Auditor advised members that due to the size of the Information Management issue, giving absolute assurance was not possible. However, regular audits would take place on a sampling basis to give reasonable assurance, with recommendations being made for best practice as and when required.
- 48.9 Members were reminded that measures were in place to help deal effectively with the disposal of any paper documents of a sensitive nature.
- 48.10 The Director for Corporate Services advised the Committee that the Protective Marking Policy would address any concerns around issues of what is and is not confidential.
- 48.11 The Chief Internal Auditor advised the Committee that many of the issues that had been highlighted in the report creditor payments such as compliance with Financial Procedure Rules and Contract Standing Orders would be instigated after the implementation of the new SAP system. The new system would improve the audit trail and give better confidence.
- 48.12 Members were also assured that the Business System Improvement Project (BSIP) would help achieve consistent and acceptable housekeeping.

RESOLVED

THAT the report be noted.

49. Procurement Monitoring Report – Quarter 3 - 2008/09

- 49.1 The Head of Strategic Procurement reported to the Committee with a summary of the progress achieved by Procurement towards implementing and embedding an improved framework for procurement activity across the Council.
- 49.2 Members were advised that a reactive means of procurement with a view to planning and looking forward thus securing the best deals and saving the Council Tax payer money was the best method to adopt.
- 49.3 Since the inception of the Procurement Board in late 2007, the volume of papers considered by the Board had grown. In the previous three quarters the figure had risen from 46 in Quarter 1 to 120 in Quarter 2 and in Quarter three 105 papers were seen. This slight reduction was primarily due to the relatively quiet spell of the holiday season.
- 49.4 The Committee were advised that the Board originally met on a fortnightly basis but owing to the volume of work this had changed to a weekly meeting.
- 49.5 The Board would consist typically of two Directors as well as Heads of key service areas such as Risk and Legal. The Chairman was usually the Director of Resources, although any other Director or Head of Service could Chair in the absence of the regular lead. Such senior representation on the Board would reduce the risk of relying on junior officers.
- 49.6 Members were asked to note that the figures given in table 2 of the report were volumes of papers and not values.
- 49.7 Papers that were brought to the Board included Contract Letting Strategies, Contract Award Reports, Briefing Notes and Waivers to Contract Standing Orders (CSO's).
- 49.8 Whilst the Board would only need to consider Letting Strategies and Contract Award Reports for contracts over the value of £50,000, all waiver requests regardless of value would have a mandatory need to visit the Board. It was also noted that requests were only considered for the waiver of internal CSO's.
- 49.9 Waivers would only be granted after certain conditions had been met. Part of the conditions would be to justify the nature of the request. Such a nature would include "sole source of supply" and "urgency not of the Councils own making".
- 49.10 The Head of Strategic Procurement advised the Committee that due to such reasons, it was not possible to eliminate all waiver requests. However, on a quarterly basis, a list of all waiver requests that had visited the Board would be summarised in a report and discussed by the Board.
- 49.11 It was agreed that this report on waivers could be brought to the Audit Committee in April 2009 along with the Quarter 4 procurement report.
- 49.12 Any waivers that are refused by the Board would be given the chance to return to a future Board meeting with any previous advice and recommendations implemented. It was not the intention of the Board to stand in the way of Council officers duties.
- 49.13 Members were advised that Briefing Notes were usually requests for advice and opinions from the Board.

49.14 The Procurement team were also able to give advice on items prior to and after visiting the Board, assisting with procedures and processes and acting as a safety check.

49.15 The Head of Strategic Procurement advised the Committee that as well as managing 18 Official Journal of the European Union (OJEU) contracts and 43 tenders, the Procurement team were also supporting three strategic projects. These were BSIP, the One School Pathfinder and the Highways Private Finance Initiative (PFI).

49.16 The Committee were advised that OJEU contracts were those in excess of £139,893 in respect of contracts for goods and services and £3,497,313 for works contracts and had to follow the rules of the EU treaty if they were in excess of these thresholds.

RESOLVED:

THAT the report be noted.

50. Whistleblowing Complaints: July – September 2008 (Quarter 3)

50.1 The Head of Compliance presented a report prepared by the Head of Human Resources.

50.2 Whilst there had been no reported incidents or complaints during the period, regular activity regarding the process was highlighted by means of The Vine, the Council's internal method of communicating items of news and various other items of importance to staff.

50.3 Members were advised that there was a facility in place to report incidents anonymously via a third party, thus protecting the identity of an individual.

RESOLVED:

THAT the report be noted

51. Annual Governance Statement (AGS) 2007/8 – Progress Report

51.1 The Head of Compliance advised that the report provided a summary of the progress achieved to 31 December 2008 in addressing the issues of the progress against the control issues detailed in the AGS.

51.2 Four areas had been deemed as Cleared. This was where actions had been put in place to mitigate the issue and provide assurance to an acceptable level. These areas were:

- Data Quality
- Health and Safety
- Management of People
- Procurement

51.3 The remaining twelve areas that were classified as “In Progress” were:

- Equality & Diversity
- Business Continuity Planning
- Governance of Partnerships
- Project Management
- Financial Management
- Highways Maintenance
- Asset Management
- ICT
- Educational Performance
- Governance Framework
- Value For Money
- Vulnerable Clients – Children and Adults

51.4 Members were advised that “In Progress” deemed an area to still be of concern but an effective resolution had been identified with actions planned and in progress thus mitigating the risk to an acceptable level.

RESOLVED

THAT the report be approved.

52. Members Question Time

52.1 There were no questions received.

CHAIRMAN.....DATE.....