



## Council 29 June 2010

### CHAIRMAN'S REPORT PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

***Written report by Cllr John Hale  
Chairman of the Performance and Audit  
Scrutiny Committee***

This report covers the meetings of the Committee held on 26 April and 24 June 2010.

**(A) 26 April 2010 meeting**

**1. Annual Internal Audit Report 2009/2010 and Outline Audit Plan 2010/2011**

- 1.1 The Committee reviewed the work of the Internal Audit Team during 2009/2010 and approved an outline Audit Plan for 2010/2011. Information provided to Members included the role of and requirement for Internal Audit, and resources available to the Team. Work covered during 2009/2010 included areas of corporate work, as well as financial and information systems audits, and audit reviews of 27 areas of the Council's work.
- 1.2 Additionally, the Audit Manager was required to give his audit opinion to the Committee, and based on the work undertaken during the year, Internal Audit could provide reasonable assurance that the systems of internal control and risk management systems were operating adequately and effectively.
- 1.3 The outline plan for 2010/2011 provided for the annual review of all the main financial systems, together with corporate governance review and support, and the audit of a number of operational areas using a risk based methodology.

**2. Code of Audit Practice for Local Government and Statement of Responsibilities**

- 2.1 The 2010 Code of Audit Practice for local government had recently been approved, and came into immediate effect. The Audit Commission asked for this document to be made available to Members of the Committee, together with the Statement of Responsibilities of Auditors and Audited Bodies, which set out the respective responsibilities of auditors and audited bodies. The Committee noted these new documents.

### **3. Establishment of a Treasury Management Sub-Committee**

- 3.1 To date, treasury management activities have been reported to Cabinet and Council with no specific scrutiny involvement. However, latest guidance required revised reporting arrangements, including enhanced scrutiny arrangements, and full Council on 23 February 2010 resolved that a Treasury Management Sub-Committee of the Performance and Audit Scrutiny Committee be established.
- 3.2 The Committee appointed Councillors Hale, Nettleton and Spicer to the Sub-Committee, which will meet at least three times per annum. Meetings will also be attended by the relevant Portfolio Holder, in a non-voting capacity. The Committee also approved the Terms of Reference for the new Sub-Committee and agreed the meeting arrangements. Members did, however, stress the need for extensive training for any Members or potential Members of this Sub-Committee.

### **4. Annual Procurement Report 2009/2010**

- 4.1 This annual report updated the Committee on progress with the Council's procurement in 2009/2010, and its plans for 2010/2011. Recent developments included the appointment of a full time Procurement Manager from June 2009, procurement savings of £243,245 during 2009/2010, the introduction of a procurement newsletter and the rolling out of procurement best practice training sessions. Additionally, the opening up of the Council's procurement activities through more accessible website pages and e-tendering had provided easier access for local suppliers to become engaged with the Council.
- 4.2 Discussion took place on a number of areas, including encouraging local businesses to tender for Council contracts. The Committee noted the procurement savings record for 2009/2010, as well as the savings plan for 2010/2011.

### **5. Key Performance Indicators: Fourth Quarter 2009/2010**

- 5.1 Members considered the fourth quarterly report for 2009/2010. A total of 33 indicators were reported, of which 23 were green, 3 amber and 2 red. The final 5 were contextual indicators. Members discussed a number of the indicators, with particular emphasis on those showing as red at year end, but did not wish to report any issues to Cabinet on this occasion.

### **6. Council Improvement Plan**

- 6.1 In April 2009 Cabinet approved the Council Improvement Plan for 2009/2010. This Plan brings together a range of actions to help the Council achieve further improvements in its performance, and is a key driver for the Council in the Corporate Plan. It is seen as good practice for councils to have an Improvement Plan, and the Audit Commission monitors progress made as part of the Organisational Assessment. At this meeting the Committee considered progress made against the key actions in the Council's Improvement Plan for 2009/2010, and was pleased to note that all actions were complete.
- 6.2 Members then turned to the Improvement Plan for 2010/2011, which had been drafted taking into account such drivers as the development of the Cabinet's Commitments, new legislation and best practice. The Plan for 2010/2011 had been divided into three themes, which will provide a focus for the Council's work over the next year. The Committee recommended the 2010/2011 Council Improvement Plan for approval.

## **7. Data Quality Policy: Annual Update**

- 7.1 The Committee considered a report which provided an update on progress being made against the Data Quality Strategy and the Data Quality Action Plan which had been approved by the Cabinet in March 2008.
- 7.2 The Data Quality Policy sets out how the Council will maintain and improve its ability to ensure that the data it uses and holds in key systems is of good quality, and consistent with the efficient and effective use of its resources. Overall solid progress had been made against the Action Plan, and additionally the Audit Commission's assessment carried out in 2009 as part of its Use of Resources Assessment concluded that the Council *performed well* (level 3) and no recommendations were made for improvement.
- 7.3 Turning to the Action Plan for 2010/2011, it was suggested that the actions included in the current plan be retained, with the aim of maintaining, and if possible improving the Council's data quality assessment score, and the Plan was recommended for approval. Additionally, following the staffing restructure in September 2009, it was necessary to amend the section of the policy relating to roles and responsibilities, and this was also recommended.

## **8. Biannual Corporate Complaints and Compliments Digest**

- 8.1 The Committee considered a digest of corporate complaints received between 1 October 2009 and 31 March 2010. The digest gave an overview of the quantity and range of corporate complaints received, as well as monitoring effectiveness at responding, and set out the learning and actions taken following each complaint. 10 corporate complaints had been received during the second half of 2009/2010, making a total of 30 for the year, compared to 42 during the previous year. The report also highlighted the 20 compliments that had been received during the reporting period, making a total of 68 compliments received during 2009/2010.
- 8.2 The Committee considered the digest and discussed some complaints in more detail, and was pleased to note not only that the quantity of compliments received continued to outnumber complaints, but also that the number of complaints was reducing year on year.

## **9. Budget Monitoring Report: 1 April to 28 February 2010**

- 9.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the period up to 28 February 2010, and highlighted significant variances. Overall an underspend for the period of £1,080,000 was being reported, and all budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget of £1,157,000 and income above budget of £801,000, the reasons for which were discussed by Members. Adverse variances included budget overspends of £458,000 and income below budget of £360,000, and again the reasons for these variances were discussed with officers.
- 9.2 The Capital Budget Monitoring Report showed a net expenditure of £9,882,000 for the period 1 April to 28 February 2010 compared to a full year revised capital budget of £12,322,000. The Committee discussed a number of elements of this report, but did not wish to bring any issues to the Cabinet's attention at this time.

## **10. Corporate Risk Register: Quarterly Monitoring Report**

- 10.1 The fourth quarterly risk register monitoring report for 2009/2010 had been prepared following review by Management Team and Corporate Management Team. Two new risks had been added to the register in this quarter, 'maintenance of leisure assets' and 'community centre transfer'. Two risks had been closed, 'West Suffolk House (Operation)' and 'Swine Flu', and two residual risks had moved from amber to red, both of which should probably have been red previously.
- 10.2 The Committee discussed some of the risks in this quarter's report, including refurbishment of Bury St Edmunds Leisure Centre, but did not make any suggestions for amendments to the Register on this occasion.

### **(B) 24 June 2010 meeting**

1. This meeting is due to consider the following issues:-
- (a) Code of Corporate Governance;
  - (b) Introduction to the Review of the Effectiveness of the System of Internal Audit and the Annual Governance Statement;
  - (c) Review of the Effectiveness of the System of Internal Audit;
  - (d) Annual Governance Statement 2009/10; and
  - (e) Statement of Accounts 2009/10.
2. The agenda and papers for this meeting of the Council have been distributed prior to the meeting of the Committee, therefore, recommendations from the meeting will be circulated before the full Council meeting, and I will draw relevant issues to the attention of the Council at the meeting.