

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

At a meeting of the Audit Panel held on
Wednesday, 17 December 2003

PRESENT: Councillor SGM Kindersley

Councillors: RF Bryant
NN Cathcart
Mrs GJ Smith
J Golding External Audit (RSM Robson Rhodes)
A Merchant External Audit (RSM Robson Rhodes)
P Winrow External Audit (RSM Robson Rhodes)

Councillors JD Batchelor and RT Summerfield were in attendance, by invitation.

1. MINUTES AND MATTERS ARISING

The Minutes of the meeting held on 23rd October 2003 were confirmed as a correct record.

Internal Audit: Quarterly Assurance Reports (Minute 4)

It was confirmed that the £3,000 cheque sent twice to the same consultant had been a one-off error. The Council's robust payment process had, unfortunately, not been followed on this occasion due to the unacceptably large workload on the officer authorising the payment. There was now a back-up check operating to identify any potential duplicate payments.

Partnership Arrangements for Housing Maintenance Contracts (Minute 5)

The Finance and Resources Director confirmed that he had met with the Head of Shire Homes, the Head of Legal Services and External Audit and the resulting report on the Council's partnership contracts would be presented to Cabinet on 18th December.

2. EXTERNAL AUDIT: ANNUAL AUDIT LETTER

The Annual Audit Letter was a summary of the work done during the year. This had been an unusual year as the Audit Plan covered up to 31st March 2004 and the audit work for the second year of this Plan would not be completed until the conclusion of the audit of the annual accounts for the year ending 31st March 2004. The audit could not be certified as closed until the public inspection process, due in January 2004, had been completed. The audit work had been conducted before the Corporate Performance Assessment (CPA) Peer Review, but the audit team had since received copies of the Peer Review Team's comments and determined that there was little difference between their findings and those of the audit.

There were still improvements to be made to budgetary control and Mr Winrow stressed the importance of having proper risk management procedures in place, especially with the forthcoming CPA inspection in 2004. He explained that the Audit Plan risk assessments had met all the objectives of the Audit Commission's Code of Audit Practice 2000. The auditors would be reviewing the risk assessments and would notify the Council only if it were determined that any identified risks were changing for the worse.

Councillor RT Summerfield expressed his disappointment that the public inspection had not been advertised in time to certify the audit as closed before the end of 2003. The audit work undertaken had demonstrated that it would be unlikely any material interests would be raised during the public inspection period, but if any were received, they could

be addressed as the audit itself remained open.

Underspending

Underspending was being addressed and progress was being made through the new financial management systems. The need to spend budgets wisely was being reinforced with line managers and Chief Officers and the results of this work were being demonstrated during the current financial year, which had not yet been subject to an external audit. The relaxation of the virement rules, as agreed by Council on 11th December, would also help the Council better manage its budget in line with its financial strategy. The Staffing and Central Overheads estimate report, which would be presented to Cabinet on 18th December, showed a much improved situation.

Reservations and Amendments

The two reservations regarding Performance Management represented data not collected by the Council in the previous year, although it was being collected in the current year. The thirteen amendments were areas where data was changed during the audit. Mr Golding agreed to provide more details to members following the meeting.

Audit Plan Risk Assessment

Table Three of the Annual Audit Letter highlighted some areas in the performance management framework which were more fully developed than others; although all aspects met the Code Objectives, there were areas where more work was required before they were fully resourced.

CPA Peer Review

The Peer Review Team had been critical of performance management and Councillor JD Batchelor requested clarification of the value of the auditors' opinion. The Peer Review had been inspecting in greater detail than the auditors and identifying areas where more work was required, which was not inconsistent with the findings in the Annual Audit Letter. Mr Golding endorsed the steps proposed in the Peer Review assessment.

Reconciliation Controls

This had been included not because reconciliation did not exist, but to recommend that control would be further improved by more frequent reconciliation being performed.

Move to Cambourne

The move to Cambourne was mentioned in the risk assessment to encourage awareness of the risks before the move.

E-government

The inclusion of e-government on the list of areas of improvements to the performance management framework highlighted the need to resource adequately to complete the work by the deadline of 31st March 2004: at the time the Information Systems audit was undertaken, only 30% of the e-government work had been completed.

Communication Strategy

The Communication Strategy would be presented to Cabinet on 18th December.

Integrating Risk Management within Service Planning and Delivery

Management Team had identified a senior officer group, to be chaired by the Finance and Resources Director, to take this project forward. The Council's insurers had made funding available and a two-day intensive training programme was scheduled for January 2004.

Resources

There was concern expressed that the Council lacked sufficient resources to complete all performance management elements before the CPA inspection. It was crucial that the Council prioritise the issues and resource accordingly, otherwise it could run a serious risk of over-burdening senior officers. The Finance and Resources Director suggested that the Scrutiny Committee could receive oral, rather than written, reports on progress towards the CPA inspection, as this would be less demanding on officers' time.

Performance Indicators (PIs)

The Chief Executive noted that the high number of PIs made it difficult to have an improvement plan behind each, but only the number of local PIs could be reduced. He felt that outcome-based targets were more meaningful than reporting the process for achieving targets, for instance, showing the number of houses provided rather than the funds spent achieving this.

Mr Merchant explained that there were no problems with the Council's focus on Key PIs. Mr Golding recommended using the BVPIs set by the Office of the Deputy Prime Minister (ODPM) as bottom-level targets, focussing only on those areas which matched local PIs. Assigning lower-level managers to address a large number of bottom-level PIs would enable senior officers to concentrate on the Key PIs and improve the performance management culture.

Community Strategy

Councillor JD Batchelor explained that some of the Community Strategy's priorities could not be closely related to the Council's priorities as they were areas which could be better addressed through a partnership. Mr Golding felt that areas where the Community Strategy differed from the Council's priorities should be those areas which other partnership organisations were addressing.

Human Resources Strategy

The Human Resources Strategy was in preparation.

Relationship Manager

Mr Golding felt that the Relationship Manager's role had not yet had a significant impact at the District Council level. The Relationship Manager would not be part of the CPA assessment team but would play an indirect co-ordination role before and after the inspection. The Relationship Manager had been appointed by the Audit Commission and, to maintain consistency, worked for all authorities in Cambridgeshire.

Conclusion

The Audit Panel **RECOMMENDED TO CABINET** that it receive the Annual Audit Letter.

3. DISCUSSION OF MATTERS OF TOPICAL INTEREST
CPA

It was vital for the Council to produce a plan addressing the improvement points before the CPA inspection, and to give a robust answer to all the elements raised in the Peer Review Team's report. The Chief Executive felt that the steps being taken so far would address the elements successfully. The CPA formed a major item on Management Team agendas.

4. ANY OTHER BUSINESS
Budget

Mr Merchant noted that, although the planned reduction in balances had not been fully achieved, it was commendable that there had been some reduction overall. He recommended involving members in the broad budget setting but leaving the detail to

officers, allowing members the time for the important strategic decisions necessary for a good CPA.

Auditors

Mr Golding would be replacing Mr Merchant as the Council's appointed auditor from 2003/2004 as part of a six-yearly rotation. The Audit Panel thanked Mr Merchant for his efforts over the past six years and looked forward to working with Mr Golding.

5. DATE OF NEXT MEETING

The next meeting of the Audit Panel would be convened once there was sufficient business to be considered.

The Meeting ended at 11.15 a.m.
