

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Finance and Performance Management Cabinet Committee      **Date:** Monday, 17 July 2006

**Place:** Civic Offices, High Street, Epping      **Time:** 6.15 - 7.08 pm

**Members Present:** Councillors J Knapman (Chairman), Mrs A Grigg and C Whitbread

**Other Councillors:**

**Apologies:** Councillors Mrs D Collins and S Metcalfe

**Officers Present:** Peter Haywood (Joint Chief Executive), Bob Palmer (Head of Finance), Derek Macnab (Head of Leisure Services), Joe Akerman (Chief Internal Auditor), Ian Willett (Head of Research and Democratic Services) and Graham Lunnun (Democratic Services Manager)

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### **12. MINUTES**

#### **RESOLVED:**

That the minutes of the meeting of the Committee held on 19 June 2006 be taken as read and signed by the Chairman as a correct record.

### **13. DECLARATIONS OF INTEREST**

No declarations of interest were made pursuant to the Council's Code of Conduct.

### **14. ANY OTHER BUSINESS**

It was reported that there was no urgent business for consideration at the meeting.

### **15. CORPORATE GOVERNANCE GROUP**

The Committee considered the minutes of the meeting of the Corporate Governance Group held on 7 June 2006.

#### **RESOLVED:**

That the issues considered by the Corporate Governance Group be noted.

### **16. INTERNAL AUDIT - MONITORING REPORT - APRIL/JUNE 2006 AND WORK PROGRAMME - JULY/SEPTEMBER 2006**

The Committee considered a report which summarised the work undertaken by Internal Audit between April and June 2006. The report also contained the work plan for the second quarter of the current financial year and a status report on previous audit recommendations.

Members noted that sickness in the Unit during the first quarter of 2006/07 amounted to 35 days, the vast majority of which related to the certificated long-term sickness of one member of the team. Sickness continued to be monitored and managed in accordance with the Council's Management of Absence policy.

During the quarter, audit reports had been issued in respect of the following:

- (a) Safer Communities Team Building Day (Investigation);
- (b) Stores Stocktake and Report;
- (c) Norway House;
- (d) Planning Cash Receipting;
- (e) BVPI Verification;
- (f) Car Parking Contract;
- (g) IT Procurement;
- (h) Benefit Fraud Investigation;
- (i) Establishment List;
- (j) Use of Consultants (draft report);
- (k) Cash Receipting (draft report);
- (l) Sundry Debtors (follow up);
- (m) OHMS Housing Management System (follow up).

In addition, the Audit Team had also provided support to management on a number of corporate issues and had performed a range of tasks including standing membership of Project Teams. The topic areas included the production of the Council's draft Statutory Statement on Internal Control, and Membership of the Officer Use of Resources and Value for Money Working Groups. There had also been close involvement in a range of control issues surrounding the transfer of the Waste Management Contract, including the verification of the staff TUPE list. The Unit's annual report for 2005/06 had been prepared, and a national benchmarking return had been submitted to assist in the production of comparative data about audit activity and performance across the country.

The Chief Internal Auditor advised that members had indicated that they would be looking for an improvement this year from the "satisfactory" assurance which he had given in relation to the Council's control systems in 2005/06, particularly as this assessment was a factor in the Council's annual Statement on Internal Control. The Committee noted that the main conclusions from the systems audits undertaken in the first quarter of 2006/07 indicated that systems were generally operating satisfactorily in those areas reviewed, and that no fundamental errors or control issues had been identified. However, an investigation had highlighted a number of compliance and supervisory issues, to be addressed by the service area concerned. A number of recommendations for process improvement across services had been identified, including controls over corporate debt recovery, cash handling and system reconciliations. These had been taken up with the service areas concerned.

The Chief Internal Auditor and the Head of Research and Democratic Services answered members' questions in relation to the investigation into the Safer Communities Team Building Day in September 2005. Members noted the managerial changes which had been taken by the Head of Research and Democratic Services as a result of the investigation including a request to the Head of Human Resources and Performance Management for the production of guidance in relation to the holding of Team Building events.

In relation to the investigation into the Stores Stocktake, members noted that management would be reviewing the recording system and related processes in order to identify ways of applying greater control. This would need to include a value for money judgement and progress would be reported to a future meeting of the Committee.

Attention was drawn to a schedule designed to monitor the follow-up of previous audits as an aid to ensuring timely and adequate follow-up both by Internal Audit and Service Management. Members noted that all of the recommended actions for system improvement arising from a previous investigation, and reported throughout the last financial year, had now been taken. The residual list of items reported at the last meeting, relating to the production of an annual report in respect of Section 106 Planning Agreements, and the production of a Staff Code of Conduct had both been addressed. The Section 106 report had been submitted to the District Development Control Committee in June and a draft Staff Code of Conduct was to be submitted to the next meeting of the Joint Consultative Committee.

The Committee noted the work plan for July-September 2006 and the current status of all the planned audits in the year's Audit Plan.

The Committee considered the Unit's performance in relation to the local performance indicator targets for 2006/07. Members noted that the target cost per audit day for the first quarter had not been met, partly due to the effect of having half a post vacant, which affected the recovery of fixed overheads. The Chief Internal Auditor advised that it was proposed to increase this unit cost target to £285.00 for 2006/07, to reflect the impact of overhead recovery, of the reduction in half a post, agreed during the latter stages of the 2006/07 budget process.

The Committee noted training undertaken by members of the Unit during the first quarter of the current financial year.

**RECOMMENDED:**

- (1) That the reports issued and significant findings between April and May 2006 be noted;
- (2) That the audit follow-up status report be noted;
- (3) That the work plan for July to September 2006 be noted;
- (4) That the 2006/07 audit plan status report be noted; and
- (5) That the action taken by officers in relation to the investigation be supported.

**17. RISK MANAGEMENT - STRATEGY AND POLICY**

The Committee considered a Risk Management Strategy and Policy Statement identifying corporate and operational risks; assessing the risks for likelihood and impact; identifying mitigating control; and allocating responsibility for the mitigating controls. Members were advised that a draft of the Policy Statement had been presented to the Council's Risk Management Group and the feedback from this Group and advice given by Zurich Municipal, the Council's insurers and providers of risk management training, had contributed to the Policy Statement before members. Zurich Municipal and AON (the Council's Insurance Brokers) had also contributed to the Risk Management Strategy.

The Committee also received the terms of reference of the Risk Management Group.

**RECOMMENDED:**

- (1) That the Risk Management Strategy and Policy Statement be adopted; and
- (2) That the terms of reference of the Risk Management Group be noted.

**18. RISK MANAGEMENT - CORPORATE ACTION PLANS**

The Head of Finance reported that the Cabinet at its meeting on 7 June 2006 had resolved that the Corporate Risk Register produced by Zurich Municipal be adopted. The Cabinet had also resolved that Action Plans be submitted to this Committee for approval and that twice a year the Corporate Risk Register be submitted to the Committee for review.

The Committee noted the process undertaken to produce Action Plans. The Head of Finance reported that the Action Plans set out for each risk:

- (a) details of existing controls/actions to address risk;
- (b) assessment of the effectiveness of the controls/actions;
- (c) the required further management action;
- (d) who was responsible for the actions;
- (e) what the critical success factors and measures were; and
- (f) the frequency of review and any key dates.

The Committee noted that in addition to the reporting requirements already agreed by members, the officer Corporate Governance Group had suggested the need for Action Plans to be kept up-to-date through more regular reviews. Consequently, once the Action Plans had been approved it was proposed that they would be discussed on a monthly basis at Senior Management Team and Management Board would have a standing item on their weekly agenda for Risk Management.

Members noted that the first six monthly update of the Corporate Risk Register would be presented to the next meeting of the Committee on 25 September 2006 and that at that meeting members would be asked to confirm a re-prioritisation of the risks which would include any new risks that had been identified.

The Committee requested that steps be taken to provide members with a more regular input into the process.

**RESOLVED:**

- (1) That the Action Plans to accompany the Corporate Risk Register be noted; and
- (2) That officers report to a future meeting of this Committee on proposals for increased involvement of members in the process.

**CHAIRMAN**

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