

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 20 November 2006

Place: Civic Offices, High Street, Epping **Time:** 6.00 - 7.25 pm

Members Present: J Knapman (Chairman), Mrs D Collins, Mrs A Grigg and C Whitbread

Other Councillors:

Apologies: S Metcalfe

Officers Present: J Akerman (Chief Internal Auditor), J Gilbert (Head of Environmental Services), P Haywood (Joint Chief Executive), G Lunnun (Democratic Services Manager), D Macnab (Head of Leisure Services), P Maddock (Assistant Head of Finance) and R Palmer (Head of Finance)

29. MINUTES

RESOLVED:

That the minutes of the meeting of the Committee held on 25 September 2006 be taken as read and signed by the Chairman as a correct record.

30. DECLARATIONS OF INTEREST

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

31. ANY OTHER BUSINESS

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

32. INTERNAL AUDIT - MONITORING REPORT - JUNE/SEPTEMBER 2006 AND WORK PROGRAMME - OCTOBER/DECEMBER 2006

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

Members noted that sickness in the Unit during the second quarter of 2006/07 had amounted to ten days, the 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) Local Performance Indicators;
- (b) Accounting and general ledger (undertaken by contractor under supervision);

- (c) Payroll;
- (d) Creditors;
- (e) Housing rents;
- (f) Planning enforcement;
- (g) Leisure contract management arrangements;
- (h) Licensing (follow-up);
- (i) Building Control (follow-up);
- (j) Recruitment and selection (follow-up).

In addition, audits of the Council's Bank Reconciliation System and External Funding processes had been substantially completed by 30 September but the reports had not been finalised.

Members noted that the reports submitted to Service Management during the second quarter had identified a number of recommendations for improvement across service areas, including performance management, contract management and system reconciliation. Services had been reminded that performance management data needed to be accurate, reliable and consistent if assurance was to be provided in the process. The Committee noted that Management Board had reiterated to all Heads of Service, the requirement to make improvements in the quality of data submitted in support of BVPI and LPI calculations. System reports were being developed and reconciliation processes had been implemented in relation to licensing. Managers had been reminded of the importance of the process for verifying the establishment list, following an error in continuing to pay a former employee. Controls within the Invoice Section were operating satisfactorily but there were still examples of departures from Financial Regulations and other system weaknesses. This was despite reminders to staff and the introduction of a specifically tailored training course, which many officers had attended. The Committee noted that the breaches of Financial Regulations would be brought to the attention of the individuals concerned and management's expectations regarding the avoidance of a reoccurrence would be emphasised.

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 were reminded that the Audit Commission required all of the Council's main financial systems to be audited during 2006/07. The Chief Internal Auditor reported that the majority of these audits would be completed by the end of the third quarter. In recognition that audit coverage was also required within Council services other than Finance, the Audit Plan for the third quarter covered a broad range of service areas.

The Committee noted the current status of the planned audits in the current year's Audit Plan, as approved in April 2006 including the work plan for the third quarter. Members noted that provisional dates had also been set for the audits to be undertaken in the final quarter.

The Committee considered the Unit's performance in relation to the Local Performance Indicator targets for 2006/07. Members noted that there had been some slippage in the achievement of the target for the completion of planned audits during the first half of the year but the position was expected to be recovered later in the year. The higher unit cost figure for the first and second quarters had been as a result of a combination of the effect of sickness and seasonal holiday factors respectively, which affected the recovery of fixed overhead unit costs, and prevented the target of £285 per day from being met. Contractors were being used, within budget, to undertake some planned audits, and the associated costs and days were reflected in the overall unit cost of £306 per audit day for the first half year.

The Committee noted that refresher training in risk based auditing was to be provided to all members of the Unit, and others across Essex, during November 2006.

RECOMMENDED:

- (1) That the reports issued and significant findings between July and September 2006 be noted;
- (2) That the audit follow-up status report be noted;
- (3) That the work plan for October to December 2006 be noted; and
- (4) That the 2006/07 Audit Plan status report be noted.

33. AUDIT AND GOVERNANCE COMMITTEE - PROPOSAL AND DRAFT CONSTITUTION

The Committee considered a report updating the proposal to establish a new Audit and Governance Committee. Attention was drawn to (a) comments which had been made by the Constitution and Member Services Scrutiny Panel and (b) the proposed draft constitution for the proposed new Committee.

Members discussed eligibility for membership of the new Committee and felt that by excluding all members of the Overview and Scrutiny Committee, it might be difficult to appoint sufficient members to the new Committee with the necessary experience.

Members noted that the further views of the Constitution and Member Services Scrutiny Panel were to be sought for inclusion in the report to the Council

RECOMMENDED:

That a report be submitted to the Council proposing the establishment of an Audit and Governance Committee based on the model described in the report and appendix, subject to members of the new Committee not also being members of the Cabinet, any Cabinet Committee or any Panel appointed by the Overview and Scrutiny with responsibility for reviewing the Council's finances or financial procedures.

34. FEES AND CHARGES - 2007/08

The Committee was advised that the Finance and Performance Management Scrutiny Panel had considered proposed changes to fees and charges for 2007/08. The Panel had recommended a general increase of 3.5% in line with the Retail Price Index. However, in relation to car parking charges, the Panel was of the view that charges should be increased to recover the £75,000 of lost income as a result of the

proposed introduction of some free parking in short-stay car parks on Saturdays as well as a general increase in fees of approximately 3.5%. Members noted the effect of increasing the charge for up to 30 minutes from 10p to 20p.

RECOMMENDED:

- (1) That a general 3.5% increase to fees and charges for 2007/08 be agreed and;
- (2) That car parking charges be increased to recover the £75,000 of lost income as well as a general increase in fees of 3.5%.

35. DRAFT GENERAL FUND CSB AND DDF LISTS

The Committee considered draft Continuing Service Budget (CSB) and District Development Fund (DDF) schedules. Members were advised that the schedules represented best estimates at the current time but needed to be viewed in the context that CSB savings or additional income of approximately £550,000 would need to be identified in 2007/08. Attention was drawn to a further schedule which listed items that had been considered by Cabinet, but had not at this stage been taken forward for inclusion in the draft schedules. The view of the Cabinet was that due to the uncertainty surrounding the cost of a re-tendered Waste Management Contract, a decision on those items should be deferred until such time when the position was clearer.

Members noted that the bids for CSB growth in 2007/08 after taking account of proposals for free parking on Saturdays from 1 April 2007 amounted to £293,000. In addition, proposed further CSB growth not included on the schedule, amounted to £147,000.

The Chairman of the Committee and Finance and Performance Management Portfolio Holder drew attention to ongoing discussions that he was having with Heads of Service regarding the need to reduce bids for both CSB and DDF in 2007/08.

The Joint Chief Executive (Resources) reminded the Committee that during the last cycle of meetings, it had been agreed that the ceiling for CSB net expenditure in 2007/08 should be no more than £17m including net growth. He also suggested to the Committee that there was a need to consider carefully the figure to be included in relation to the new Waste Management Contract. The Committee also noted the need to consider carefully proposed provision for the Customer Services Transformation Programme.

RESOLVED:

- (1) That the draft Continuing Services Budget and District Development Fund schedules be noted; and
- (2) That further consideration be given to the schedules at subsequent meetings as part of the budget making process.

36. CORPORATE GOVERNANCE GROUP

The Committee considered the minutes of meetings of the Corporate Governance Group held on 6 September and 4 October 2006.

RESOLVED:

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

37. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That the public and press be excluded from the meeting for the item of business set out below on the grounds that it would involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 and it is considered that the exemption outweighs the potential public interest in disclosing the information:

| Agenda Item No | Subject | Exempt Information Paragraph No |
|---------------------------|----------------------------|--|
| 11 | Corporate Governance Group | 3 |

38. CORPORATE GOVERNANCE GROUP

The Committee considered a restricted minute from the meeting of the Corporate Governance Group held on 4 October 2006.

RESOLVED:

- (1) That the minute and the action arising be noted; and
- (2) That the outcome of this issue be reported to members in due course.

CHAIRMAN