

Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 20th November, 2006

Place: Civic Offices, High Street, Epping
Room: Committee Room 1
Time: 6.00 pm
Democratic Services Officer: Graham Lunnun, Research and Democratic Services
Tel: 01992 564244 Email: glunnun@eppingforestdc.gov.uk

Members:

Councillors J Knapman (Chairman), Mrs D Collins, Mrs A Grigg, S Metcalfe and C Whitbread

PLEASE NOTE THE START TIME OF THIS MEETING

BUSINESS

1. APOLOGIES FOR ABSENCE

2. MINUTES (Pages 5 - 12)

To confirm the minutes of the last meeting of the Committee held 25 September 2006 (attached).

3. DECLARATIONS OF INTEREST

(Head of Research and Democratic Services) To declare interests in any item on this agenda.

4. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee

concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

5. INTERNAL AUDIT - MONITORING REPORT - JUNE/SEPTEMBER 2006 AND WORK PROGRAMME - OCTOBER / DECEMBER 2006 (Pages 13 - 26)

(Chief Internal Auditor) To consider the attached report on work undertaken by Internal Audit between June and September 2006 and the proposed work plan for October – December 2006.

6. AUDIT AND GOVERNANCE COMMITTEE - PROPOSAL AND DRAFT CONSTITUTION (Pages 27 - 36)

(Chief Internal Auditor) To consider the attached report.

7. FEES AND CHARGES - 2007/08 (Pages 37 - 46)

(Head of Finance) To consider the attached report.

8. DRAFT GENERAL FUND CSB AND DDF LISTS (Pages 47 - 56)

(Head of Finance) To consider the attached report.

9. CORPORATE GOVERNANCE GROUP (Pages 57 - 62)

To consider the minutes of the Corporate Governance Group meetings held on 6 September and 4 October 2006 (attached).

10. EXCLUSION OF PUBLIC AND PRESS

Exclusion: To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

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

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.

- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

11. CORPORATE GOVERNANCE GROUP (Pages 63 - 64)

To consider a restricted minute from the meeting held on 4 October 2006 (attached).

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	Date:	Monday, 25 September 2006
Place:	Civic Offices, High Street, Epping	Time:	6.00 - 8.15 pm
Members Present:	Councillors J Knapman (Chairman), S Metcalfe and C Whitbread		
Other Councillors:	Councillor D Jacobs		
Apologies:	Councillor Mrs D Collins		
Officers Present:	P Haywood (Joint Chief Executive), R Palmer (Head of Finance), J Gilbert (Head of Environmental Services), J Akerman (Chief Internal Auditor), P Maddock (Assistant Head of Finance), G Lunnun (Democratic Services Manager).		
Also Present:	P King and L Wishart (Audit Commission)(for minutes 19-23 inc.)		

19. MINUTES

RESOLVED:

That the minutes of the meetings of the Committee held on 11 January 2006 and 17 July 2006 be taken as read and signed by the Chairman as a correct record.

20. DECLARATIONS OF INTEREST

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

21. MANAGEMENT REPRESENTATION LETTER

The Head of Finance reported that for several years the Audit Commission had required a management representation letter as part of the evidence gathered to support their Audit opinion. The 2005/06 Statement of Accounts had been audited in accordance with the new International Standards on Auditing which required that the committee charged with governance should formally acknowledge the management representation letter.

The Committee considered an explanation of the Audit Commission's requirements together with a draft management representation letter which had been based on a standard draft supplied by the Audit Commission.

RESOLVED:

That the draft management representation letter be approved and the Head of Finance be authorised to sign and submit the letter to the Audit Commission on behalf of the Council.

22. AUDIT OF ACCOUNTS - INTERNATIONAL STANDARDS ON AUDITING

P King reported that he was required by the Audit Commission's Statutory Code of Audit Practice for Local Government bodies to issue a report to those charged with governance summarising the conclusions of his audit work. He was also required by professional auditing standards to report on certain matters before he was able to give an opinion on the financial statements.

The Committee noted that the principal purposes of the report were:

- (a) to reach a mutual understanding of the scope of the audit and the respective responsibilities of the Auditor and the Committee;
- (b) to share information to assist both the Auditor and those charged with governance to fulfil their respective responsibilities; and
- (c) to provide the Committee with recommendations for improvement arising from the audit process.

P King reported that work on the financial statements was substantially complete although there were still some outstanding issues to be resolved. In particular, work on the Pension Fund had yet to be concluded. He advised that should any further matters arise in concluding the outstanding work that required reporting he would raise them with the Chairman of this Committee. Members noted that the standard of the draft accounts and supporting working papers were a significant improvement on the previous year. P King advised that, subject to the satisfactory conclusion on the outstanding work, he anticipated being able to issue an unqualified opinion by 30 September 2006.

P King reported that in order to assist the Committee in fulfilling its governance responsibilities, he was required to report adjusted misstatements where these were material. He pointed out a material misstatement that management had adjusted in relation to the Pension Fund. The omission of the March Pension Fund gain from the actuarial valuation of the fund had moved the position from an actuarial loss for the year of £1,121,000 to an actuarial gain for the year of £1,215,000. This had reduced the pension liability on the balance sheet and the negative pension reserve from £37,389,000 to £35,053,000 with corresponding amendments to the relevant notes to the balance sheet. He advised that the initial figures had been provided by Essex County Council based on the actuarial valuation supplied by the County Council's actuary. The District Council had been notified of the error by the County Council at the beginning of September 2006. P King advised that a common statement about this issue was being included in reports on other Essex Districts and he did not intend to penalise the District Council but his work was subject to an internal check by the Audit Commission which could result in a different finding. He emphasised that he felt this would be unlikely as it would be unfair to penalise District Councils for the County Council's error. Members discussed the issue and noted that the District Council did not have the expertise which would have enabled them to identify this error.

P King reported that work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources was now complete and he anticipated being able to issue a qualified conclusion on the use of resources by 30 September 2006. He explained that the opinion would be qualified because the arrangements in place to manage the Council's significant business risks during 2005/06 and the arrangements to manage and improve value for money at that time had been assessed as not meeting the relevant criteria. The processes put in place

by the Council after 31 March 2006 could not be counted as evidence. Members noted that there were ten other aspects in relation to use of resources which were satisfactory.

P King expressed his appreciation for the Council's assistance and co-operation during the audit.

RECOMMENDED:

- (1) That the report be noted; and
- (2) That the recommendations and action plan regarding maintenance of the improvements to the arrangements for risk management and value for money be agreed.

23. AUDIT AND GOVERNANCE COMMITTEE - PROPOSED ESTABLISHMENT

The Committee considered a report regarding the establishment of an Audit and Governance Committee. Members noted that CIPFA had, in recent years, emphasised the importance of audit committees as a key source of assurance regarding an authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. Some of the benefits to be gained from operating an effective audit committee included:

- (a) raising greater awareness of the need for internal control and the implementation of audit recommendations;
- (b) increasing public confidence in the objectivity and fairness of financial and non-financial reporting;
- (c) reinforcing the importance and independence of internal and external audit and any other similar review processes (for example, providing a view on the statement of accounts and statement on internal control); and
- (d) providing assurance through a process of independent and objective review.

The Chief Internal Auditor reported that the Council had been assessed at level 2 in accordance with the Audit Commission's Use of Resources Assessment model. To move to level 3 it would be necessary to demonstrate that the Council had an audit committee that provided a challenge to the executive when required and provided for effective leadership on governance, financial reporting and audit issues. In order to perform this role the audit committee would need to operate independently from the executive.

The Committee gave initial consideration to the possible terms of reference, size and proportionality requirements of an audit committee. Members emphasised the need for the proposed committee to be made up of members with sufficient skills and suggested that there would be benefit in considering the appointment of one or more co-opted members. Members also recognised that careful consideration would need to be given to the terms of reference of the proposed committee, this Cabinet Committee and the Standards Committee in order to avoid undue duplication. Members suggested that the Chairman of this Cabinet Committee should be expected to attend all meetings of the proposed committee in a non-voting capacity.

RESOLVED:

- (1) That the establishment of an Audit and Governance Committee be agreed, in principle;
- (2) That consultation be undertaken with Overview and Scrutiny through the Constitution and Member Services Scrutiny Standing Panel; and
- (3) That further consideration be given to the establishment of an Audit and Governance Committee at a future meeting taking account of the views of the Constitution and Member Services Scrutiny Standing Panel.

24. BUSINESS AND INTERNAL CONTROL ASSURANCE FRAMEWORK

The Committee considered a report proposing the adoption of the Council's draft Business and Internal Control Assurance Framework.

The Chief Internal Auditor reported that the Council was seeking continued improvement in the Council's governance arrangements and that to achieve as higher rating as possible under the CPA arrangements, it was necessary to put in place an assurance framework that mapped the Council's strategic objectives to risks, controls and assurances as a supporting document to the Statutory Statement on Internal Control. Members noted that the Council already had effective processes dealing with the various elements of the control framework and the main purpose of the assurance framework document was to bring these elements together.

RECOMMENDED:

That the Council's draft Business and Internal Control Assurance Framework be adopted.

25. CAPITAL STRATEGY - 2006-2011

The Committee considered a draft Capital Strategy for 2006-2011.

Members noted that it was no longer necessary for the Council to submit the Capital Strategy to the Government Office for assessment but that there was an expectation that the strategy would continue to be produced and updated. Whilst there was no requirement to update the strategy annually, it was felt important to do so in order to ensure that it was kept up to date. A good capital strategy enabled the Council to make sound strategic decisions in relation to its use of capital resources and formed an important part of the Council's performance management and financial planning frameworks.

The Head of Finance reported that no major changes were proposed to the format or text of the Capital Strategy. He advised that the strategy had been updated with current schemes and expenditure forecasts as contained within the latest Capital Programme approved by the Cabinet on 4 September 2006. He drew attention to changes which had taken place since that time and to two reports which had been prepared for the Cabinet in October 2006 requesting supplementary capital estimates.

RECOMMENDED:

- (1) That the draft Capital Strategy 2006-2011 be approved and recommended to the Council for adoption including:

- (a) an additional estimate of £35,000 in 2007/08 for the purchase of a replacement plate maker for the Reprographics Section; and
- (b) an additional estimate of £143,000 (from 2007/08 to 2010/11) for works to be carried out at the Civic Offices;
- (2) That no funding for Phases 3 and 4 of the Loughton High Road Town Centre Enhancement be included at this time and that some of the funding for the Customer Services Transformation Programme be deferred in the Strategy but these schemes be subject to ongoing review;
- (3) That no change be made to the Council's key capital priorities ranked in the order approved in November 2005;
- (4) That as no schemes have been brought forward and no savings have been identified from elsewhere in order to fund the additional £500,000 contribution to affordable housing approved by the Cabinet in 2006, that contribution be excluded from the Strategy; and
- (5) That the Strategy be subject to continuous review and that in relation to any schemes where there is not a contractual commitment, officers consider whether those schemes should continue to go forward and/or whether start dates should be revised and that reports be made to members on any proposed changes.

26. BUDGET 2007/08 - FINANCIAL ISSUES PAPER

The Committee considered a report regarding a framework for the budget 2007/08 including a number of issues that would affect the Council in the short to medium term.

Members were advised that the following matters represented the greatest areas of current financial uncertainty and risk to the authority:

- (a) changes to the waste service and higher recycling targets;
- (b) capitalisation of pension deficit payments;
- (c) Customer Services Transformation Programme;
- (d) changes to the strategy Concessionary Fares scheme;
- (e) future local government finance settlements;
- (f) restriction on future Council Tax increases;
- (g) ongoing difficulties with recruitment and retention; and
- (h) generation of future capital receipts.

Members received an updated four year forecast for the General Fund, based on adjusting the balances for the 2005/06 underspend, analysing information gained from the recent outturn figures and adjusting future years accordingly. The predicted balance at 1 April 2007 of £5.328m represented just over 32% of the anticipated net budget requirement and was therefore somewhat higher than the Council's current

policy of 25%. However, the additional costs that were likely to be incurred on the refuse and street cleansing contract would result in the predicted balance being reduced to £2.65m by 1 April 2009. This would represent only 15% of the net budget requirement for 2009/10.

The Head of Finance reported that the deterioration in the financial position indicated a need for savings to be identified or the Council Tax to be increased above current target levels during the next four years.

In relation to CSB expenditure, members were reminded that the Council's policy was not to rely on the use of balances to provide support, with CSB expenditure being financed only from Government grant and Council Tax income. This meant that effectively the level of Council Tax would dictate the net expenditure on CSB or the CSB would dictate the level of Council Tax. As members had previously indicated that future Council Tax increases should be at or below the increase in the Retail Price Index, assumed to be 2.5% for the near future, it was clear that the former would be the determinate. Although the original budget for 2006/07 had achieved that objective, with funding from Government grants and local taxpayers exceeding CSB by £540,000, the revised estimate for this year now showed the CSB total at £16.78m, which exceeded funding by £0.98m. This revision was primarily based on the increased level of costs for the Waste Management and Street Cleansing Contract and showed that there was a need for CSB net expenditure to be reduced or tax increases to be raised.

Members noted that a decision was still awaited from central Government on the Council's application for a capitalisation direction in relation to the funding requirements for the Pension Fund in 2006/07. It was also proposed to submit an application for 2007/08 and it was possible that a direction might not be obtained for either or both years. If this were to be the case it would be necessary to seek substantial savings elsewhere or to increase significantly the Council Tax. Members noted that the risk of a direction not being granted had increased following the issue of amended guidance from the Department for Communities and Local Government (DCLG). Members further noted that the DCLG would not be informing authorities about their applications for 2006/07 until 31 January 2007.

The Head of Finance advised that the revised four year forecast included all supplementary estimates that had been approved by the Council to date. He cautioned that the Customer Services Transformation Programme had gained support in principle from the Cabinet on 10 July 2006 but that the necessary financial provision had not yet gained Council approval.

The Committee noted the uncertainties about the cost of the Concessionary Fares Scheme in 2006/07 and 2007/08. In addition the scheme would in any event cost more from 1 April 2008 when concessionary fares would not be restricted to scheme boundaries.

The Committee noted that estimated DDF expenditure over the period to 2009/10 would consume all remaining balances and transfers from the General Fund balance would be necessary to fund DDF items. The four-year forecast approved by the Council on 21 February 2006 had predicted a DDF balance of £1m at the end of 2009/10. However, DDF supplementary estimates of £995,000 had been approved to date in 2006/07. Members were advised that given the limited funding available from the DDF, only high priority projects should be funded from it and that further requests could not be supported unless additional funds were made available.

RECOMMENDED:

- (1) That the 2007/08 budget guidelines be as follows:
 - (a) the ceiling for CSB net expenditure be no more than £17m including net growth;
 - (b) that as part of the budget setting process all items included within the DDF be reviewed;
 - (c) that balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement;
 - (d) the District Council Tax to be increased by no more than the rate of increase in the Retail Price Index;
- (2) That a revised medium term financial strategy for the period 2009/10 be developed in accordance with (1) above; and
- (3) That communication of the revised medium term financial strategy to staff, partners and other stakeholders be undertaken by way of publishing key bullet points in appropriate publications.

27. RISK MANAGEMENT

The Committee considered an update to the Corporate Risk Register and the action plans.

RESOLVED:

That the proposed amendments be agreed.

28. VALUE FOR MONEY SELF ASSESSMENT 2006

The Committee was advised that as part of the Audit Commission's annual evaluation of the Council's use of resources, the Authority was required to complete a value for money self assessment for submission to the Commission before the end of September 2006. A draft self-assessment was tabled at the meeting.

RESOLVED:

- (1) That the Council's draft self-assessment in respect of the annual Value for Money exercise be endorsed for immediate submission to the Audit Commission; and
- (2) That the draft Value for Money self-assessment be referred to the Cabinet at its next meeting for formal adoption and that any views expressed by members be passed to the Audit Commission.

CHAIRMAN

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Agenda Item 5

INTERNAL AUDIT- MONITORING REPORT JUNE – SEPTEMBER 2006 AND WORK PLAN OCTOBER - DECEMBER 2006

The Committee is requested to note the following issues arising from the Internal Audit Team's second quarter monitoring report for 2006/07:

- (a) The reports issued between July and September 2006 and significant findings (Appendix 1);
- (b) The Audit follow up status report (Appendix 2);
- (c) The Work plan October - December 2006 (Appendix 3); and
- (d) The 2006/07 Audit Plan status report (Appendix 4)

Introduction

1. This report provides a summary of the work undertaken by the Internal Audit Unit between July and September 2006, and details the overall performance to date against the Audit Plan for 2006/07. The report also contains the Internal Audit work plan for the third quarter 2006/07.

2. Resources Available:	3 months Jul-Sept 06	12 months orig. estimate 06/07
Number of days required to meet the audit plan	<u>248</u>¹	<u>990</u>¹
Number of days available based on staff in post	303	1430
Less statutory and annual leave	(49)	(166)
Sick leave	(10)	(32)
Vacancy factor	-	(30)
Training	(1)	(35)
Planning, supervisory, management and non-chargeable	<u>(25)</u>	<u>(177)</u>
Available audit days	218 ²	990 ²
Add Bought in Days	25	0
Total Audit Days	<u>243</u>	<u>990</u>

Note¹ audit days available if full establishment achieved

Note² actual audit days in period

Current Staffing Position

3. The Unit has an establishment of 5.5 full time equivalent (fte) posts. The Audit Assistant half post is vacant, leaving 5 fte staff available during the first half of 2006/07. The Audit Assistant half post is being held vacant for the time being to provide some budget flexibility to meet the cost of specialist auditors and external contractors, who undertook specific audits within the approved Plan during the second quarter.

4. Sickness during the second quarter amounted to 10 days compared to 35, 9.5 and 2 days respectively in the preceding three quarters. The majority of the sickness in the first half year related to the certificated long term sickness of one member of the Team. Therefore, whilst the average level of sickness per member of staff over the last 12 months has been 11.3 days and is of concern, the half year figures are explained by this factor. Sickness continues to be monitored and managed in accordance with the Council's management of absence policy.

Work carried out in the period

5. The audit reports issued in the second quarter are listed in paragraph 11 below. The audit opinions and main conclusions flowing from these reports are attached at Appendix 1.
6. Some of the audits completed during 2005/06 require follow up audits to be carried out during 2006/07. These are being phased during the year according to risk and other prioritisation factors, and are being combined with finance systems audits where appropriate. A number of systems audits were carried out across a range of Services in the second quarter, and some of the main finance systems audits were completed.
7. The Audit Team has also provided support to management on a number of corporate issues and has performed a range of tasks including standing membership of project teams. Topic areas include participation in the officer Use of Resources and Value for Money project teams. There is also a growing advisory role on ICT Project Boards supporting new system developments, and preparations have begun for the Council's participation in this year's National Fraud Initiative.
8. Supervision and management time has included the normal management and review functions undertaken by the Chief Internal Auditor, who has also been involved in the corporate activities referred to in the previous paragraph.
9. The time taken on investigation work during this quarter amounted to just one day and related to a specific issue concerning a sundry debtor account. A small amount of investigative work is also carried out occasionally in the course of systems audits and where this occurs is included in the reported time spent on that particular audit.
10. The Audit Commission has been consulted with on the content of this report and the third quarter audit plan for 2006/07.

Reports Issued and Significant Observations

11. The following audit reports were issued in the second quarter:
 - Local Performance Indicators
 - Accounting and General Ledger*
 - Payroll
 - Creditors
 - Housing Rents
 - Planning Enforcement
 - Leisure Contract management arrangements
 - Licensing Follow Up
 - Building Control Follow Up
 - Recruitment and Selection Follow Up

* denotes audit undertaken by contractors under supervision

In addition to the audits listed above, audits of the Council's bank reconciliation system and external funding processes were substantially complete by 30 September, but the reports had not been finalised. These audits are not included in the performance figures in paragraph 16.

12. The reports submitted to Service Management in the second quarter identified a number of recommendations for improvement across Service areas, including performance management, contract management and system reconciliation.

Some of the key findings from these audits are outlined below:

Performance Management – verification of data

Services need to be reminded that data needs to be accurate, reliable and consistent if assurance is to be provided in the process...20% of LPIs could not be verified due to the lack of adequate documentation and 15% were calculated incorrectly. This indicates a lack of data quality within the process.

Outcome: Management Board has reiterated to all Heads of Service the requirement to make improvements in the quality of data submitted in support of BVPI and LPI calculations.

Licensing

The majority of the earlier recommendations had not been implemented at the start of the audit, and the licensing system still contained serious control weaknesses. The continuing lack of monitoring and reconciliation of income meant that the risk of misappropriation still existed at that point.

During the course of the audit good progress was made and the basic system weaknesses have been addressed, which reduces the risk of misappropriation.

Outcome: System reports are being developed and reconciliation processes have been implemented.

Payroll

Controls within the payroll system are generally operating effectively. An employee left the Council in March 2006, but continued to be paid for five months after this date, as a result of failures by Planning Services, Human Resources and Finance to follow various procedures which should have picked the error up earlier. The estimated cost to be recovered is £8,260.

Outcome: Immediate steps were taken to recover the overpaid salary. The Council is receiving co-operation from the former employee. At the time of drafting this report the sum still outstanding was less than £2,900.

Managers will be reminded of the importance of the establishment list verification process, and that leavers' forms must always be completed and sent to Payroll and HR in advance of the employee's leaving date.

Creditors

Controls within the Invoice Section are operating satisfactorily, but it is of concern that there are still examples of departures from Financial Regulations, and other system weaknesses. This is despite reminders to staff and the introduction of a specifically tailored training course, which many Officers have attended.

Outcome: The breaches of Financial Regulations will be brought to the attention of the individuals concerned, and management's expectations regarding the avoidance of a recurrence will be emphasised.

13. When following up previous audits it is normally found that the majority of recommendations are being implemented by Service management. However it is sometimes found that not all previously agreed recommendations have been carried out within the agreed timescales. Attached at Appendix 2 is a summary schedule designed to monitor the follow up of audits carried out in 2006/07, as an aid to ensuring timely and adequate follow up both by Internal Audit and Service Management.

Three-month work plan (Appendix 3)

14. The Audit Commission requires all of the Council's main financial systems to be audited during 2006/07, and the majority of these audits will be completed by the end of the third quarter. It is recognised that audit coverage is also required within Council services other than Finance. For this reason the Audit Plan for the third quarter covers a broad range of Service areas.

Audit Plan 2006/07 (Appendix 4)

15. The current status of the planned audits in this year's Audit Plan, as approved in April 2006, is set out at Appendix 4, and reflects the work carried out to date and the work plan for the third quarter. Provisional dates have also been set for the audits to be undertaken in the final quarter.

Performance Management

16. The Internal Audit Team has local performance indicator targets to meet in 2006/07. The specific LPs for Audit are set out below:

	Actual 2004/05	Actual 2005/06	Target 2006/07	Actual Apr-June 2006/07	Actual July- Sep 2006/07	Cumulative Apr- Sept 2006/07
% Planned audits completed	86%	86%	85%	72%	67%	69.5%
% chargeable "fee" staff time	64%	67%	65%	68%	74%	71%
Average cost per audit day (including contractors)	£297	£292	£285	£304	£308	£306
% User satisfaction	80%	85%	80%	75%	86%	80.5%

17. The percentage of planned audits completed in the second quarter does not include two substantially completed audits referred to in paragraph 11 of this report. There has been some slippage in the achievement of the target in the first half of the year, but the position is expected to be recovered later in the year.
18. The high unit cost figure for the first and second quarters was also caused by 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 used, within budget, to undertake some planned audits, and the associated costs and days are reflected in the overall unit cost of £306 per audit day for the first half year.

Training

19. The Chief Internal Auditor has arranged for refresher training in risk based auditing to be provided to all members of EFDC's Audit Team, and others across Essex, during November. Part of the cost will be recharged to other Districts. The training will be facilitated by an external trainer, and will address a gap in this area of training identified in the EFDC Audit Team's business plan.

Summary of audits completed during Quarter 2
July - September 2006

Report No.	Title	Service	Assurance Rating/Audit Opinion	Main Conclusions
387	Leisure Contract Monitoring	Leisure	<i>Limited Assurance</i> This audit provides satisfactory assurance in the procedures set up for the monitoring of the contract, but limited assurance in the operation of the contract due to the lack of data provided by the contractor for monitoring purposes at the time of the audit.	While the situation is improving Leisure Management should continue to apply pressure on the contractor to provide the required data by the deadlines as stated in the contract. The procedural framework is in place but internal control procedures are ineffective without accurate and timely data from the Contractor.
398	Licensing follow up	Environmental	<i>Limited Assurance</i> Most of the earlier recommendations had not been implemented at the start of the audit, and the licensing system still contained serious control weaknesses. The risk of misappropriation still existed at that point. However, good progress was made during the course of the audit and the basic system weaknesses have been addressed, which significantly reduces the risk of misappropriation.	The earlier audit found that the reports produced from the IT system were not adequate for management purposes. A new report is now being developed and it is important that the system is developed further and used in a way to facilitate the control measures now being implemented. New procedures have now been introduced to improve data quality, and it is important that management undertakes random checks to ensure compliance.
392	Local Performance Indicators	All	<i>Limited Assurance</i> Some improvement has been made in compliance with the agreed procedures, in particular the submission of Control Forms. However 20% of LPIs could not be verified due to the lack of adequate documentation and 15% were calculated incorrectly. This indicates a lack of data quality in the process.	The collection of data and verification of its quality should be part of the day to day Service planning and monitoring. The new 'TEN' performance monitoring system needs to be reviewed to ensure that it is flexible in meeting the monitoring and reporting requirements of the full range of LPIs, whether reported on an accumulative or discrete quarterly basis.

Report No.	Title	Service	Assurance Rating/Audit Opinion	Main Conclusions
393	General Ledger	Finance	<p><i>Satisfactory Assurance</i></p> <p>A sound system of control in place. Key controls were generally found to be operating satisfactorily.</p>	<p>Some improvement areas were identified, including the reconciliation of the payroll control accounts within the E-financials system, and the monitoring of certain holding accounts.</p>
395	Payroll	Finance/All	<p><i>Satisfactory Assurance</i></p> <p>The lack of reconciliation of the payroll system to the general ledger (also dealt with in the General Ledger audit) represents a weakness in the overall control system. In addition, there needs to be improved corporate control in the verification of the staffing establishment.</p> <p>An employee left the Council in March 2006, but continued to be paid for five months after this date, as a result of failures by Planning Services, Human Resources and Finance to follow various procedures which should have picked the error up earlier. The estimated cost to be recovered is £8,260.</p>	<p>The audit involved testing based on an extract of the Payroll as at June 2006. A sample of 30 employees' records were reviewed to ensure they are being paid the correct amounts in 2006/07. A further sample of 25 records were tested to ensure that deductions are processed correctly. The audit concluded that payments and deductions are made at the correct rate, correctly calculated and supported by documentary evidence.</p> <p>There are weaknesses in the application of established corporate systems for administering staff leavers, and for verifying the establishment list. Controls need to be in place to reduce the risk of avoidable costs arising in the future.</p>
396	Creditors	Finance/All	<p><i>Limited Assurance</i></p> <p>Controls within the Invoice Section are operating satisfactorily, but it is of concern that there are still examples of departures from Financial Regulations, and other weaknesses. This is despite reminders to staff and the introduction of a specifically tailored training course, which many Officers have attended. The audit can therefore only provide limited overall assurance in the creditors systems.</p>	<p>The following weaknesses were identified (the first item is a breach of Financial Regulations, the others are departures from good practice which can lead to increased risk of error etc):</p> <ul style="list-style-type: none"> - Orders and invoices for the same item are sometimes authorised by the same Officer. - Incomplete orders exist, where sometimes there is no price quoted, or the supplier's address is incomplete. - Orders are written and authorised by the same Officer. - Order forms are frequently completed on receipt of the invoice rather than at the time of placing the order. - The budget position is not always checked prior to placing the order.

Report No.	Title	Service	Assurance Rating/Audit Opinion	Main Conclusions
400	Housing Rents	Housing	<i>Satisfactory Assurance</i> Rent transactions for all payment methods are legitimate and have the documentary evidence to support a full audit trail. Some minor improvements are required in certain areas, to assist in strengthening controls further.	A sample of 45 rent accounts were reviewed for cash payments and all were correctly posted and daily totals reconciled to the Financial Statement maintained in Housing Services. Direct debit, Internet and 'Allpay' transactions were also reviewed, and testing identified that the system is satisfactory with adequate documentation and procedures being in place.
392	Building Control follow up	Planning	<i>Limited Assurance</i> Whilst there have been some process improvements since the systems audit, there remain some control weaknesses particularly in the area of income reconciliation and under and overpayments recorded on the IT system.	The level of sundry debtors indicates that management action is required to pro-actively monitor building control debts and assist with recovery procedures. The reconciliation of building control fees has not yet been carried out, to ensure that all income has been paid into the correct income code in a timely manner.
399	Recruitment and Selection follow up	Human Resources	<i>Satisfactory Assurance</i> Some improvements have been made since the previous audit. However, high-risk areas such as police and other validity checks still need to be monitored.	The updating of job descriptions and person specification on personal files has improved. A sample of 5 posts requiring CRB checks showed that 2 of the successful candidates were permitted to commence employment prior to being cleared, subject to restrictions agreed by HR (e.g. no access to children).
394	Planning Enforcement	Planning	<i>Satisfactory Assurance</i> Procedures are in place for the correct investigation of complaints and the recording and authorisation of the action taken. The transfer of the records from a manual system to the recently implemented MVM system has partially taken place but needs to be reviewed to make full use of the new system.	The sample reviewed during the audit consisted of a brief scan of all closed cases to ensure data quality on the new MVM system. Complaints are generally recorded, investigated and signed off in a formal manner with adequate supervisory review. However, a number of cases were identified, which should be signed off by the Assistant Head of Planning Services to ensure separation of duties.

Internal Audit Report Control Sheet – Follow Up Audits

Appendix 2

Ref.	Report Title	Client	Date Issued	Agreed Actions	Agreed Actions in place	Time of Follow up	Outstanding Issues post follow up
	Main Audits 2005/06						
320	Waste Management	Environmental	05/05	9		Qtr 4	
328	Sundry Debtors	Finance	06/05	10	8	Qtr 1	Procedures, credit rating of debtors outstanding
329	Asset Register/inventories	Corporate	06/05	5		Qtr 3	
331	Planning fees investigation	Planning	06/05	4	3	Qtr 2	Reconciliation yet to be produced
333	Contract Systems	Corporate	06/05	6		ongoing	
334	Car Leasing	HR, Finance	06/05	8		Qtr 4	
335	Stores Stocktake	Works Unit	06/05	4		07/08	
336	Accounting & Ledger	Finance	07/05	12	7	Qtr 2	System reporting, virement levels, data cleansing
337	E-Financials Application	ICT, Finance	06/05	8		Qtr 4	
338	OHMS Application	Housing	07/05	9	9	Qtr 1	Good progress
339	Local PIs	HR	09/05	4	3	Qtr 2	Insufficient evidence to justify some LPI calculations.
340	Members Allowance	Corporate	08/05	4		Qtr 4	
344	Cash Receipting & Income Control	Finance	09/05	5	3	Qtr 1	Integrated cash management reports (to include Allpay and internet), yet to be developed
341	Office Service Contracts	Legal & Admin	10/05	4		Qtr 3	
343	Procurement	Corporate	10/05	9		Qtr 4	
342	Creditors	Finance	10/05	29	25	Qtr 2	Key systems control issues have been addressed in training for staff but there remain concerns regarding corporate compliance with their application.
347	Building Control	Planning	10/05	10	8	Qtr 2	Reconciliation of income is outstanding
346	Freedom of Information	Corporate	11/05	4		Qtr 4	

Ref.	Report Title	Client	Date Issued	Agreed Actions	Agreed Actions in place	Time of Follow up	Outstanding Issues post follow up
349	Grants to Voluntary Organisations	RDS	12/05	11		Qtr 4	
351	Housing Rents	Housing	12/05	7	6	Qtr 2	Suspense account process could be improved
356	Recruitment & Selection	HR	12/05	4	4	Qtr 2	High risk posts to be monitored
362	Works Unit Investigation	Works Unit	12/05	7		Qtr 4	
358	Housing & Council Tax Benefits	Finance	12/05	14		Qtr 3	
360	Treasury Management	Finance	12/05	8		Qtr 3	
352	Cash Offices	Finance	12/05	3		Qtr 3	
353	Budgetary Control	Finance	12/05	8		Qtr 4	
354	Payroll	Finance	01/06	6	5	Qtr 2	Sample checks of increments awarded
357	Licensing Investigation	Environmental	01/06	9	9	Qtr 2	Good progress during the follow up audit
370	North Weald Airfield	Leisure	05/06	8		Qtr 4	
363	Works Unit	Works Unit	02/06	5		Qtr 4	
366	Estate Management	Legal & Admin	03/06	8		Qtr 4	
368	NDR Collection & Refunds	Finance	03/06	8		Qtr 3	
370	Risk Management & Insurance	Finance	03/06	3		Qtr 4	
374	Rechargeable Works	Environmental	03/06	3		Qtr 4	
373	Capital Financing	Finance	03/06	7	-	07/08	
372	Housing Repairs & Maintenance	Housing	03/06	4		Qtr 4	
348	Bank Reconciliation	Finance	10/05	7		Qtr 3	
369	Council Tax	Finance	03/06	6		Qtr 3	

INTERNAL AUDIT WORKPLAN OCTOBER – DECEMBER 2006

Appendix 3

Week	Chief Auditor		Senior Auditor		Auditor		Auditor		Term time auditors (1 xfte)		p/t Audit Assistant (vacant)	
	audit	days	audit	days	audit	days	audit	days	audit	days	audit	days
w/c												
2.10.06	Monitoring report/ Investigation	5	Grounds Maint'ce/ Investigation	5	Office Contracts follow up/NFI	3	Corp. Training/ Investigation	4	Housing Benefits/ Cash Offices	6	n/a	0
9.10.06	Monitoring report/ Investigation	4	Grounds Maint'ce/ Investigation	5	Office Contracts/ NFI	4	Corp. Training/ Investigation	5	Housing Benefits/ Cash Offices	6	n/a	0
16.10.06	External Funding/ Fin Regs Training	5	Grounds Maint'ce/ Fleet Ops.	5	NNDR	4	Corp. Training/ Housing rents supp.	4	Housing Benefits/ Council Tax	6	n/a	0
23.10.06	External Funding/ Fin. Regs review	5	Fleet Ops.	5	NNDR	5	Treasury Management	5	Holiday	0	n/a	0
30.11.06	External Funding/ Fin. Regs review	5	Fleet Ops.	5	NNDR	5	Treasury Management	5	Housing Benefits/ Council Tax	6	n/a	0
6.12.06	Fin Regs review	4	Fleet Ops.	5	NNDR	5	Treasury Management	5	Housing Benefits/ Council Tax	6	n/a	0
13.12.06	Reports/file reviews	5	Fleet Ops	5	NNDR	5	Treasury Management	5	Housing Benefits/ Council Tax	6	n/a	0
20.12.06	Reports/file reviews	4	Member Services	3	NNDR	4	Treasury Management	4	Housing Benefits/ Council Tax	5	n/a	0
27.11.06	Fin. Regs Audit Plan	5	Member Services	5	Establishment list	5	Rechargeable works follow up	5	Housing Benefits/ Council Tax	6	n/a	0
4.12.06	Audit Plan/ Review files	5	Member Services	5	Establishment list	5	Rechargeable works follow up	5	Housing Benefits/ Council Tax	6	n/a	0
11.12.06	Audit Plan/ Review files	5	Member Services	5	Establishment list	5	North Weald A'field follow up	5	Car Leasing/ Council Tax	6	n/a	0
18.12.06	Monitoring report/ Review files	4.5	Network security follow up (continue)	4.5	Inventory foll. up (to continue)	4.5	North Weald A'field follow up	4.5	Car Leasing/ Council Tax	3	n/a	0

Notes:

- Annual leave and training has been allocated where booked
- Team meetings and other non-chargeable work have not been included in the schedule
- The Audit Commission has been consulted on the above plan

Audit Plan 2006/07
Half Year Status Report at 30 September 2006

Appendix 4

Audit area	Audit type	Days allocated	Days spent 1 Apr- 30 Sept	Status at 30 Sept 2006	Risk (impact) Indicator l/m/h
FINANCE					
Bank Reconciliation	system/follow up	20	10	in progress	h
Sundry Debtors inc IT	system/follow up	30	15	complete qtr 4	h
Creditors IT	IT/follow up	10		Qtr 4	h
Creditors	system/follow up	30	29	completed	h
Treasury Management	verification/follow up	20		Qtr 3	h
Payroll	system/follow up	30	33	completed	h
Budgetary Control (capital and revenue)	follow up	10	1	Qtr 4	h
Risk Management and Insurance	system/follow up	15		Qtr 4	h
Main Accounting and Financial Ledger	system	25	14	completed*	h
Asset Register and Inventory control	follow up	10		Qtr 4	h
Housing Benefits inc IT	system/follow up	35	9	in progress	h
Benefit Fraud Investigation	system	15	15	completed	h
Council Tax inc IT	system/follow up	30	1	Qtr 3	h
National Non Domestic Rates	system/follow up	25		Qtr 3	h
Cash Offices	verification	5		Qtr 3	h
Cash receipting system and Income control	system/follow up	20	25	completed	h
* by contractor					
TOTAL FINANCE		330	152		
PLANNING SERVICES					
Enforcement / planning fees follow up	system/follow up	25	26	completed	h
Section 106 Agreements	follow up	10		Qtr 4	h
Building Control	follow up	10	15	completed	h
Cash receipting	system	10	8	completed	h
TOTAL PLANNING		55	49		
ENVIRONMENTAL SERVICES					
Car Parking	system/follow up	25	15	completed	h
Licensing	follow up	10	13	completed	h
Rechargeable Works	follow up	5		Qtr 3	h
Waste Management	follow up	10		Qtr 4	h
TOTAL ENVIRONMENTAL		50	28		
WORKS/DSO					
Fleet Operations	system	15		Qtr 3	h
Depot	system/follow up	22		Qtr 4	h
Stores (stocktake)	stocktake	3	4	completed	h
TOTAL DSO		40	4		
HOUSING					
Housing Rent Collection	system/follow up	25	26	completed	h
Norway House (inc rent administration)	establishment	20	21	completed	h
OHMS IT system	IT/follow up	15	8	completed	h
Housing Repairs	follow up	5		Qtr 4	h
Partnering Arrangements	reserve	-		-	m
TOTAL HOUSING		65	55		

Audit area	Audit type	Days allocated	Days spent 1 April- 30 Sept	Status at 30 Sept 2006	Risk Indicator l/m/h
POLICY					
Grants to Voluntary Organisations	follow up	10		Qtr 4	h
Committee & Member Services Civic Support	system/follow up	15		Qtr 4	m
External Funding	system	30	16	in progress*	h
Safer Communities Team Investigation	investigation	-	12	completed	h
* by contractor					
TOTAL POLICY		55	28		
LEISURE SERVICES					
Contract Monitoring	system	20	21	completed	h
Grounds Maintenance	system	20	9	in progress	m
North Weald Airfield	follow up	5	1	Qtr 3	h
District Museum	establishment	-	reserve	-	m
TOTAL LEISURE		45	31		
HUMAN RESOURCES					
Establishment list	system/follow up	15	3	Qtr 3	h
Corporate Training	system	10	1	Qtr 3	m
Recruitment and selection processes	follow up	5	5	completed	h
Car Leasing (days allocated from contingency)	follow up	10		Qtrs 3/ 4	h
TOTAL HUMAN RESOURCES		40	9		
LEGAL, ADMINISTRATION AND ESTATES					
Estates Management	system/follow up	25		Qtr 4	h
Repairs and Maintenance (non HRA)	system	-	reserve	-	m
Local land charges	system/ IT	20		Qtr 4	h
Office Services contracts	follow up	5	6	in progress	h
TOTAL LEGAL AND ADMINISTRATION		50	-		
MISCELLANEOUS					
CPA and BEST VALUE					
Best Value / Local Performance Indicators	system/follow up	35	39	completed	h
Review of Service business/ best value plans	follow up	10		Qtr 4	h
CONTRACTS					
Contract/systems Audits (see attached plan)	system	15		ongoing	h
CORPORATE					
Corporate Procurement	system	25		Qtr 4	h
Review of financial regulations and internal controls	management review	5		ongoing	h
Use of consultants	system (c/fwd)	5	8	completed	h
Freedom of Information	follow up	5		Qtr 4	h
FRAUD AND CORRUPTION					
National Fraud Initiative (NFI)	biennial review	35	3	Qtr 4	h
COMPUTER SERVICES					
I.T.					
Network Security/E-financials	follow ups	15		Qtrs 3/4	h
E-mail and Internet usage	IT Security/follow up	15	1	completed	h
IT Procurement 05/06	c/fwd	-	7	completed	h
IT Procurement 06/07	follow up	5		Qtr 4	h
TOTAL DAYS ALLOCATED		900	420		
Contingency/ Spot checks/ Minor investigations		40	4	ongoing	h
Corporate/Service Advice		50	43	ongoing	h
TOTAL		990	467		

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Report to the Finance and Performance Management Cabinet Committee

Date of meeting: 20 November 2006



**Epping Forest
District Council**

Portfolio: Finance and Performance Management

Subject: Audit and Governance Committee – Proposal and Draft Constitution

Officer contact for further information: Joe Akerman (01992- 56 4446)

Democratic Services Officer: Graham Lunnun (01992- 56 4244)

Recommendations/Decisions Required:

To ask the Constitution and Member Services Scrutiny Standing Panel:(a) to support the establishment of an Audit and Governance Committee based on the model set out in paragraph 5 and Appendix 1 to this report; and (b) to recommend to the Overview and Scrutiny Committee to report to the Council proposing the establishment of the new Committee, and changes to the terms of reference to The Finance and Performance Cabinet Committee as set out in Appendix 2 to this report.

Purpose:

1. The purpose of the report is to update the proposal to establish a new Audit and Governance Committee, as presented to this Committee in September. This report includes the comments of the Constitution and Members Services Scrutiny Standing Panel, and attaches a draft constitution for the proposed new Committee.

Report

2. At the meeting in September this Committee considered a report regarding the establishment of an Audit and Governance Committee. Members noted that CIPFA had, in recent years, emphasised the importance of audit committees as a key source of assurance regarding an authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. The Committee considered some of the benefits to be gained from operating an effective audit committee, including:
 - (a) raising greater awareness of the need for internal control and the implementation of audit recommendations;
 - (b) increasing public confidence in the objectivity and fairness of financial and non-financial reporting;
 - (c) reinforcing the importance and independence of internal and external audit and any other similar review processes (for example, providing a view on the statement of accounts and statement on internal control); and
 - (d) providing assurance through a process of independent and objective review.
3. The Committee gave initial consideration to the possible terms of reference, size and proportionality requirements of an audit committee. Members emphasised the need for the proposed committee to be made up of members with sufficient skills and suggested that there would be benefit in considering the appointment of one or more

co-opted members. Members also recognised that careful consideration would need to be given to the terms of reference of the proposed committee, this Cabinet Committee and the Standards Committee in order to avoid undue duplication. Members suggested that the Chairman of this Cabinet Committee should be expected to attend all meetings of the proposed committee in a non-voting capacity.

4. The Committee resolved in September as follows:

- (i) That the establishment of an Audit and Governance Committee be agreed, in principle;
- (ii) That consultation be undertaken with Overview and Scrutiny through the Constitution and Member Services Scrutiny Standing Panel; and
- (iii) That further consideration be given to the establishment of an Audit and Governance Committee at a future meeting taking account of the views of the Constitution and Member Services Scrutiny Standing Panel.

5. The consultation with the Constitution and Member Services Scrutiny Standing Panel took place on 10 October. That Committee agreed in principle with the proposal, and considered a range of issues in relation to the detailed arrangements for the new Committee. The views are summarised below:

- the Committee should comprise 5-7 members
- within the membership there should be 2-3 co-opted members (40-50%)
- there should be a quorum for both Members and co-optees
- co-optees should be sourced by advertisement
- consideration should be given to a wholly independent panel (e.g. comprising representatives from bodies such as the Audit Commission, LGA or Improvement Agency), playing a part in the co-optee appointment process
- the co-optees' allowance should be at the same rate as for Members

6. At the previous meeting of this Committee a question was asked regarding the cost of establishing the new Committee. The majority of the work of the new Committee will represent a transfer of reports from this Cabinet Committee, particularly Internal Audit and External Audit reports. Those officers who currently attend this Cabinet Committee for audit issues will therefore attend the new Committee instead and there will be no additional cost. The additional cost of the new Committee will therefore relate to Members' allowances and the cost of meetings allowances for Committee staff and any other officers who will attend both Committees. This is estimated to be in the region of £3,350 pa, including Members' Special Responsibility Allowances, Co-optees' allowances, provision for officers' attendance allowances, and provision for member and officer traveling and subsistence costs. There will also be an impact on the workload of the Committee Section in particular.

7. The draft Constitution of the Audit and Governance Committee, shown at Appendix 1, overlaps in some respects with the terms of reference of this Committee. Appendix 2 sets out in bold type those responsibilities which should be retained by this Committee. Those in ordinary type would be deleted, as an overlap with the Audit and Governance Committee must be avoided. Appendix 3 shows the current terms of reference of the Standing Scrutiny Panel on Finance and Performance Management. These are not thought to need alteration.

8. The terms of reference refer to the right of groups not represented on this Cabinet Committee, but holding seats on the Cabinet, to nominate members to serve on the Committee. This provision was included in the constitution as a result of the Cabinet seats being allocated, pro rata, between political groups.
9. Now that all Cabinet places are allocated to an alliance of two groups, it is felt that to avoid confusion, the footnote should specify that the rule outlined above will not apply in the present circumstances. The same would be appropriate if all Cabinet seats are allocated to one group only.

Statement in support of recommended action:

10. The proposal to establish an Audit and Governance Committee has regard to current best practice in governance arrangements, and the improvement areas identified by the Audit Commission in its 'Use of Resources' Key Lines of Enquiry relating to internal control and the management of significant business risks. At EFDC, the functions of an audit committee are presently performed by the Finance and Performance Management Cabinet Committee. However this arrangement does not accord with good practice, as the Committee is clearly not independent from the Executive Cabinet function.

Options for action:

11. To promote the establishment of a new Audit and Governance Committee on the basis outlined in this report or on a revised basis, or to recommend no action on this matter at the present time.

Consultation undertaken:

12. The Audit Commission has been consulted on the proposal.

Resource implications: As set out in paragraph 6.

Budget provision: Within existing Service budgets.

Personnel: As set out in paragraph 6.

Land: Not applicable.

Community Plan/BOP reference: None

Relevant statutory powers: Not applicable

Background papers: Audit Commission's Use of Resources Audit Score Feedback
Copro's Guidance for Local Authorities on Audit Committees

Environmental/Human Rights Act/Crime and Disorder Act Implications: Not applicable

Key Decision reference (if required): Not applicable

AUDIT AND GOVERNANCE COMMITTEE – DRAFT CONSTITUTION

1. Title

The Committee should be entitled “Audit and Governance Committee” of Epping Forest District Council.

2. Purpose

The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3. Authority

The Committee is authorised by the Council to:

- (a) Investigate, or cause to be investigated, any activity within its terms of reference;
- (b) Seek any information that it requires from any Member or employee of the Council, and require all Members and employees to co-operate with any request made by the Committee;
- (c) Meet for despatch of its business, adjourn and otherwise regulate its business as it shall see fit, including approving items of business by the written resolution procedure set out in the Council’s Constitution.

4. Role and Responsibilities

The Audit and Governance Committee will have the following role and function:-

- (a) To consider the effectiveness of the Council's Risk Management arrangements, the control environmental and associated anti-fraud and anti-corruption arrangements.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's Assurance Statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
- (d) To approve the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.
- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Chief Internal Auditor.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:
 - (i) critical accounting policies and practices, and any changes to them;
 - (ii) decisions requiring a major element of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) significant adjustments resulting from the audit; and
 - (v) any material weakness in internal control reported by the Internal or External Auditor.
- (j) Consider other reports of External Audit and inspection agencies which are relevant to the functions of the Committee.
- (k) For the Committee to meet privately and separately at least once a year with the External Auditor and Chief Internal Auditor.
- (l) To have the right to call any Members or officers of the Council as required.
- (m) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.

5. Membership

- 5.1 The Committee shall comprise [5-7] members, including [3-4] Councillors and [2-3] co-opted persons.
- 5.2 All members of the Committee shall be appointed at the annual Council meeting of Epping Forest District Council for a term of office of one year and shall be eligible for re-appointment for further terms of office.
- 5.3 Casual vacancies on the Committee which occur shall be filled at the next available Council meeting with a term of office expiring on the date of the next annual Council meeting.

6. Eligibility for membership

- 6.1 Councillor members

Councillors appointed to the Audit and Governance Committee may not also be members of the Cabinet, any Cabinet Committee, the Overview and Scrutiny Committee or any panel appointed by the Overview and Scrutiny Committee with responsibility for reviewing the Council's finances or financial procedures.

6.2 Co-opted members

Co-opted members shall be appointed by the Council on the basis of their professional expertise, experience and background as relevant to the role and responsibilities of the Audit and Governance Committee. Initial appointments of co-opted members and the filling of casual vacancies shall be made following public advertisement and interviews, the latter conducted in accordance with arrangements agreed by the Audit and Governance Committee. If the number of suitable applicants exceeds the number of co-opted places on the Committee, the Committee shall keep a waiting list of suitable applicants should casual vacancies occur.

7. Chairman

- 7.1 The Chairman of the Audit and Governance Committee shall be appointed at each annual meeting of the Epping Forest District Council from the District Councillors appointed as members of the Committee.
- 7.2 The Chairman of the Audit and Governance Committee shall be appointed for an initial term of one year expiring on the date of the next annual Council meeting but will be eligible for reappointment for further terms of office.
- 7.3 Casual vacancies in the position of Chairman shall be filled in the same way as required in respect of members of the Committee (see paragraph 5.3 above).

8. Vice-Chairman

- 8.1 The Vice-Chairman of the Audit and Governance Committee shall be appointed at the annual Council meeting from among the co-opted members appointed to the Committee.

9. Meetings of the Committee

- 9.1 The Committee shall meet at least four times each year.
- 9.2 All meetings shall be open to the press and public except where the Committee resolves that exempt or confidential business must be considered in private session.
- 9.3 The Committee shall be entitled to require Cabinet members and Heads of Service to attend their meetings in order to discuss any matters under discussion including the annual audit programme.

10. Quorum

- 10.1 No business may be transacted at a meeting of the Committee unless there are two Councillor members and one co-opted member present.

11. Decision Making

- 11.1 Only the Councillors serving on the Committee shall be entitled to vote.
- 11.2 Co-opted members shall not be entitled to vote but, in all other respects, shall be entitled to all documents, advice and facilities relevant to their membership of the Committee.

12. Other requirements

- 12.1 All members of the Committee shall respect the confidentiality of information considered at the meeting.
- 12.2 All co-opted members of the Committee shall be required to make a statutory registration of interests in the same form as those required of serving councillors and to be aware at all times of the requirement to clear any interest relating to their work on the Committee.
- 12.3 All members of the Committee are required to acknowledge the confidentiality of information and discussions which take place in the Audit and Governance Committee and not to disclose these to outside persons except in circumstances which comply with legal requirements or directions of the Committee.

FINANCE AND PERFORMANCE MANAGEMENT COMMITTEE – TERMS OF REFERENCE

- 1.1 To advise and make recommendations to the Cabinet on the annual budget for Council services, the Capital Programme and the setting of the Council tax.**
- 1.2 To monitor expenditure by the Cabinet and other Committees within the framework of the Council's budgetary policy and financial objectives and to keep the Cabinet informed of the Council's overall position.**
- 1.3 To receive reports from District Audit (including the Audit Management letter) from time to time received by the Council and to make recommendations thereon to the Cabinet.
- 1.4 To receive reports from the Council's Internal Audit Service from time to time, to consider the work programme of Internal Audit including the views of Overview and Scrutiny Committees and to make recommendations thereon to the Cabinet.
- 1.5 To advise and make recommendations to the Cabinet on risk management and insurance issues.**
- 1.6 To be responsible for corporate performance management and the preparation of the Best Value Performance Plan.**
- 1.7 This Committee comprises 5 Cabinet members and is chaired by the Portfolio Holder for Finance and Performance Management. A Vice-Chairman will also be appointed by the Council from members of the Cabinet.**

NB In the event that the Council's Cabinet is constituted according the pro rata membership requirements of the Local Government & Housing Act 1989, any political group not having representation on the Committee by virtue of one of the named Cabinet portfolios shall nominate one member of the Cabinet to serve on this Committee.

In the event that seats on the Cabinet are allocated by the Council solely to one political group, or to an alliance of one or more groups forming an administration, seats on the Sub Committee shall only be allocated to members of that group or alliance who have seats on the Cabinet.

TERMS OF REFERENCE FOR STANDING PANEL

Title: Finance and Performance Management

Status: Standing Panel

Terms of Reference:

Performance Management

1. To review Best Value Performance Indicator (BVPI) and Local Performance Indicator (LPI) outturns for the previous year at the commencement of each municipal year, and to determine the following on an annual basis:
 - (a) The criteria for deciding which BVPIs and LPIs should be formally monitored by the Panel throughout the remainder of the year, based upon the 'traffic light' system of performance reporting. Comprehensive Performance Assessment improvements, and existing Council and member priorities;
 - (b) A 'basket' of priority BVPIs and LPIs, performance against which will be reported to the panel throughout the year;
 - (c) The monitoring frequency of those priority BVPIs and LPIs identified by the Panel; and
 - (d) Arrangements for the wider member reporting and monitoring of performance against those BVPIs and LPIs that are not contained in the Panel's 'basket' of high priority indicators.
2. To consider proposals and make recommendations for corrective action in relation to poorly performing BVPIs and LPIs.

Best Value Performance Plan

3. To consider and make recommendations as appropriate on the format and content of the Council's annual Best Value Performance Plan.

Council Plan

4. To undertake a full review of the existing Council Plan and to make recommendations to the Cabinet on the overall strategic vision to be adopted, within the context of how the authority intends to prioritise resources and develop services in the medium term.

Public Consultation

5. To develop arrangements to directly engage the community in commenting on and shaping the future direction of services to make them more responsive to local needs, including the development of proposals for effective consultation through an annual community conference; and
6. To annually review the consultation exercises undertaken by the Council over the previous year.

Finance

7. To consider the draft budgets for each portfolio and in so doing to evaluate and rank proposals for either enhancing or reducing services. Members will need to ensure consistency between wider policy objectives and financial demands.
8. To consider financial monitoring reports on key areas of income and expenditure for each portfolio.

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Report to Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 20 November 2006

Portfolio: Finance, Performance Management and Corporate Support Services

Subject: Fees and Charges 2007/08

Officer contact for further information: Peter Maddock (Ext 4602)

Democratic Services Officer: Graham Lunnun (Ext 4244)

Recommendations/Decisions Required:

(1) That the Committee considers the policy for increasing fees and charges for 2007/08, and recommends to Cabinet a general increase of 3.5%; and

(2) That any comments from the Finance and Performance Management Scrutiny Panel be taken into account when considering the recommendation to Cabinet.

Report:

Introduction

1. As part of the budget setting process, the level of fees and charges are considered for the forthcoming financial year. The general premise is that fees and charges will be increased by 3.5% in line with the retail prices index. However where it can be justified a higher increase should be considered. This report is intended to give members an opportunity to comment on those fees and charges proposed for 2007/08. This report was also considered by the Finance and Performance Management Scrutiny Panel on 14 November 2006, and their comments will be reported orally at the meeting.

Leisure Services

2. The general uplift for fees and charges is specified within the leisure contract, however if there is any exceptional changes to specific charges, these cannot be varied without recourse to the Council.

Civil Engineering and Maintenance

3. A report is scheduled for consideration at Cabinet on 13 November proposing the introduction of some free parking in short stay car parks on Saturdays, the anticipated lost income as a result is in the region of £75,000. Having said that a revised fee structure is being formulated that will endeavour to provide at least a 3.5% increase on the total fee income after the £75,000 has been deducted from the original budget. The proposed tariff structure for 2007/08 is shown in Appendix 1.

Finance, Performance Management and Corporate Support Services

4. There are no fees subject to the annual uplift as income of this Portfolio relates to Government Subsidies and Industrial Estate rents.

Leader's Portfolio

5. The main source of income to this Portfolio is for Land Charge searches. The recent fall in search income appears to have levelled out and the revised figure for 2006/07 is expected to be £15,000 higher than originally anticipated. However given the recent difficulties competing with the charge relating to private searches it is the view of officers that an increase at this time would again make the service less attractive and income lost through reduced searches would exceed the gain by increasing price.

Planning and Economic Development

6. The two main income areas within this Portfolio are Development Control and Building Control fees.
7. Development Control fee levels are controlled by Central Government. An increase was applied from 1 April 2005, however no indication has been given regarding fee increases for 2007/08 and it is assumed that no increase will occur.
8. Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund. Fees and Charges were increased from 1 July 2006 in order to ensure that in 2006/07 the fee earning account did not fall into deficit. Given that the costs incurred by the account are likely to be subject to inflation it is proposed to increase charges by 3.5% from 1 April 2007.

Environmental Protection

9. All fees in this area are recommended to increase by 3.5% to cover inflation. The proposed fee structure is set out in Appendix 2.

Community Wellbeing

10. The income here relates to licences. The 2003 Licensing Act transferred responsibilities to Councils for the administering and granting of Public Entertainment licences. The fee structure is governed by statute and there is therefore no discretion on fee levels. Other licences, which the Council can set, are to be increased by 3.5%. Full details are also contained in Appendix 2.

Housing

11. The Housing Portfolio has a number of fees and charges, most of which relate to income to the Housing Revenue Account. The schedule at Appendix 3 shows the levels proposed for 2007/08. These generally represent an increase of around 3.5% from the 2006/07 levels.
12. For administrative and practical ease, it is proposed that two nominal "standard charges" remain the same (dishonoured cheques and file photocopying). A detailed review of heating charges at the Homeless Persons Hostel will be undertaken during 2007, as it is some time since a detailed reconciliation has been made between the fuel charges the Council pays to the utility supplier and the charges the Council makes to residents. In the meantime, despite fuel charges generally being increased nationally, there is no need to increase the charges any more than 3.5% for 2007/08.
13. As previously agreed by members, licences for vehicular access across housing land that were issued before 1 July 2002 will be brought into line, for the first time, with those charges for licences issued after 1 July 2002. These will then be increased annually by inflation from 2008/09, in the same way as other fees and charges.
14. The schedule now also includes the new charges agreed for the three management services that the Council provides to Home Group, following the transfer of Wickfields

sheltered housing, Chigwell in October 2006.

Conclusion

15. The proposed policy for increasing fees and charges for 2007/08 are presented for comment but generally are based on an increase of 3.5%.

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Short stay car parks

	Up to 30 minutes	Up to 1 hour	Up to 2 hours	Up to 3 hours	Over 3 hours
Previous	£0.20	£0.60	£1.00	£2.50	£8.00
Existing	£0.10	£0.60	£1.20	£2.50	£8.00
Proposed	£0.15	£0.65	£1.30	£2.60	£9.00

Long stay

	Up to 2 hours	Over 2 hours
Previous	£1.00	£2.50
Existing	£1.20	£2.50
Proposed	£1.30	£2.60

Combined

	Up to 30 minutes	Up to 1 hour	Up to 2 hours	Over 2 hours
Previous	£0.20	£0.60	£1.00	£2.50
Existing	£0.10	£0.60	£1.20	£2.50
Proposed	£0.15	£0.65	£1.30	£2.60

On street+

	Up to 30 minutes	Up to 1 hour	Up to 2 hours
Previous	£0.10	£0.60	£1.00
Existing	£0.10	£0.60	£1.20
Proposed	£0.15	£0.65	£1.30

Season tickets (240 days each year)

EDR = Equivalent daily rate compared to £2.60 short stay and £9.00 long stay.

Long stay car parks

	Discount	Period cost	Cost p/a	EDR
Monthly	10%	£47	£562	£2.34
Quarterly	20%	£125	£499	£2.08
Annual	30%	£437	£437	£1.82

Short stay car parks

	Discount	Period cost	Cost p/a	EDR
Monthly	10%	£162	£1,944	£8.10
Quarterly	20%	£432	£1,728	£7.20
Annual	30%	£1,512	£1,512	£6.30

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Fees and Charges 2007/08 - ENVIRONMENTAL HEALTH				
Service	2006/2007		2007/2008	
	First Application	Renewal	First Application	Renewal
Training				
Basic Food Hygiene Course	£47.00	-	£49.00	-
Basic Health & Safety Course	£40.00	-	£41.00	-
Animals				
Animal Boarding	£234.00	£160.00	£242.00	£166.00
Dog Breeding	£234.00	£160.00	£242.00	£166.00
Pet Animals Act	£234.00	£160.00	£242.00	£166.00
Dangerous Wild Animals	£512.50	£347.00	£530.00	£359.00
Riding Establishment	£512.00	£430.00	£530.00	£445.00
Stray Dog (all occasions)	£60.00	Plus £9 per day	£62.00	Plus £9 per day
Pest control (inc.VAT)				
Rats / Cockroaches	Free	-	Free	-
Mice	£27.00	-	£28.00	-
Wasps	£39.00	-	£40.00	-
Others	£27.00	-	£28.00	-
Concessions	50% to those of pensionable age		50% to those of pensionable age	
Hackney Carriage/Private Hire				
Annual vehicle licence	£257.00	£257.00	£266.00	£266.00
Annual driver licence	£79.00	£79.00	£82.00	£82.00
Vehicle plate	£26.00	Refundable	£27.00	Refundable
Driver badge	£6.00	-	£6.00	-
Private Hire Operators				
Annual operator licence for 1 vehicle only	£35.00	£35.00	£36.00	£36.00
Annual operator licence for more than 1 vehicle	£131.00	£131.00	£136.00	£136.00
Plate exemption	£79.00	£79.00	£82.00	£82.00
Miscellaneous				
Amusements with Prizes	£32.00	-	£32.00	-
Special treatments (premises)	£95.00	-	£98.00	-
Special treatments (person)	£48.00	-	£50.00	-
Lotteries	£37.00	-	£38.00	-
Game dealers	£35.00	£17.50	£35.00	£17.50
Transfer/amendment of the above licences				
Licensing Panel	-	£76.00	-	£79.00
Officer	-	£51.00	-	£53.00
Licensing Act 2003 fees set by statute				

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Fees and Charges 2006/7 – HOUSING RELATED SERVICES		
Service	2007/8	2006/7
Communal Halls: Pelly Court Hall, Epping Oakwood Hill Hall, Loughton Barrington Hall, Loughton	£7.85 per hour £147.00 per annum £6.35 per session	£7.60 per hour £142.00 per annum £6.15 per session
Hire of Halls for Elections	£64.20 per day	£62.00 per day
Guest Rooms - Sheltered Housing	£6.60 per room per night	£6.40 per room per night
Dispersed Alarms: Alarm units Smoke Detectors Additional Pendants Control Monitoring (per speech module) Flood Detector Fall Detector Carbon Monoxide Detector Extreme Temperature Sensor Pressure Mat Pull Cord Installation Bogus Caller Button Large Button Telephone	£149.00 per annum £37.20 per annum £33.45 per annum £79.20 per annum £40.35 per annum £52.00 per annum £53.00 per annum £51.45 per annum £50.90 per annum £54.55 per annum £40.40 per annum £17.00 per telephone	£144.00 per annum £35.90 per annum £32.30 per annum £76.50 per annum £39.00 per annum £50.25 per annum £51.25 per annum £49.70 per annum £49.20 per annum £52.70 per annum £39.00 per annum £16.40 per telephone
Leasehold Vendors' Enquiries	£103.35 per enquiry	£99.85 per enquiry
Certificates of Buildings Insurance – Leaseholders	£32.90 per copy	£31.80 per copy
Hardstandings	£23.55 per annum	£22.75 per annum
Scooter Stores: Rental Electricity	£3.10 per week £1.45 per week	£3.00 per week £1.40 per week
Dis-honoured cheques	£10.00 per cheque	£10 per cheque
Homeless Hostel Accommodation: One room: <i>Room charge</i> <i>Heating charge</i> Two rooms: <i>Room charge</i> <i>Heating charge</i> Three rooms <i>Room charge</i> <i>Heating charge</i> Chalet: <i>Room charge</i>	£34.00 per week £13.50 per week £53.00 per week £20.30 per week £71.40 per week £23.65 per week £61.85 per week	£32.80 per week £13.05 per week £51.25 per week £19.60 per week £69.00 per week £22.85 per week £59.75 per week

<i>Heating charge</i>	£20.30 per week	£19.60 per week
Bed and Breakfast Accommodation: Single Room Double Room Family Room	£40.30 per night £60.55 per night £74.70 per night	£38.95 per night £58.50 per night £72.15 per night
Mortgage references	£30.10 per enquiry	£29.10 per enquiry
Requests for covenant approval	£48.10 per request	£46.50 per request
Licences for vehicular access across housing land: Licences after 1.7.02 Licences before 1.7.02	£80 per annum £80 per annum	£80 per annum £70 per annum
Condition surveys to respond to Party Wall Act Notices	£54.30 per Notice	£52.50 per Notice
Copies of Structural Reports on RTB Properties	£26.90 per report	£26.00 per report
Replacement Door Entry and Suited Keys	£10.15 per key	£9.80 per key
Garage Rents	£6.60 per week	£6.40 per week
Small Land Sales Valuation Charge	£265 per sale	£255 per sale
File Copying Charge	£10 per request	£10 per request
Valuation & Legal Charge – Re-sale of RTB Property within 5 years or Sale of RTB Property to EFDC within 10 Years	£265 per application	£255 per application
Consideration of Right to Re-purchase Former RTB Property within 10 years of Original Purchase	£47.00 per application	£45.40 per application
Management services to Home Group for Wickfields sheltered housing scheme, Chigwell: (a) Careline Service (per speech module) (b) Scheme Management (c) Cleaning (including materials)	£176 per annum From 1 September 2007 – increased by the same percentage as the increase in the national pay award for local government employees that becomes effective from 1 April 2007 {	£170 per annum (b) £11,144 per annum (from 16.10.06) (c) £4,087 per annum (from 16.10.06)

Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

Date of meeting: 20 November 2006

Portfolio: Finance, Performance Management and Corporate Support Services

Subject: Draft General Fund CSB and DDF lists

Officer contact for further information: Peter Maddock – (01992 - 56 4602)

Democratic Services Officer: Graham Lunnun - (01992 - 56 4244)

Recommendation:

To consider the draft Continuing Services Budget (CSB) and District Development Fund (DDF) schedules and to make recommendations to the Cabinet as necessary.

Introduction:

1. The financial issues paper was presented to this Committee on 25 September 2006. The main financial pressure facing the General Fund relates to the Waste Management contract and to that end £1.5 million CSB growth was included in the Four Year forecast that formed part of the report. The report also showed that with this level of growth General Fund balances would fall to £2.65 Million by 31 March 2009. This represents 15% of the estimated Net Budget Requirement (NBR) in 2009/10 of £17.45million, which is well below the minimum amount set by the current policy of balances falling no lower than 25% of NBR. For this reason it was agreed at the meeting of 25 September that the NBR for 2007/08 be set at no more than £17 million a reduction of £553,000 on that predicted in the Four Year Forecast.

Report

2. The Schedules of CSB growth/savings and DDF expenditure are shown at Annexes 1 & 2. These represent best estimates at this time but need to be viewed in the context that CSB savings or additional income of around £550,000, as recommended by this Committee, will need to be identified in 2007/08.
3. A further schedule, (Annex 3), is also included which lists items that have been considered by Cabinet, but have not at this stage gone forward for inclusion in the budget. Cabinet's view was that due to the uncertainty surrounding the cost of a re-tendered Waste Management Contract a decision on these items should be deferred until such a time when the position is clearer.

Options for action:

4. Members are asked to make recommendations to Cabinet based on the figures presented.

Statement in support of recommended action:

5. No specific action has been recommended.

Consultation undertaken:

6. This is the first draft of the CSB and DDF schedules. Consultations with spending officers regarding their budgets are ongoing at the moment but apart from this further consultation will take place later in the budget cycle.

Resource implications:

Budget provision: As detailed in the report.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP reference: N/A.

Relevant statutory powers: N/A.

Background papers: Nil.

Environmental/Human Rights Act/Crime and Disorder Act Implications: Nil.

Key Decision reference: (if required) Nil

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST									
Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's		
Leaders Portfolio									
	Civic and Member	18	18						
	Civic and Member	4	4						
	Civic and Member	9	9						
	Civic and Member	5	5						
	Civic Ceremonial	2	2						
	Elections	9	21						
	Electoral Registration/Voting	11	11						
	Democratic Services	14	15						
	Democratic Services	(15)	(15)						
	Local Land Charges		(15)						
	Total Leader's Portfolio	57	55	0	0	0	0	0	0
Community Wellbeing									
	Concessionary Fares	582	482						
	Grants to Voluntary Organisations								
	Welfare Transport	3	3						
	Safer Communities	(7)	(7)						
	Safer Communities	20	20						
	Safer Communities	17	17						
	Safer Communities	12	12						
	Total Community Wellbeing	627	527						
Finance, Performance Management, and Corporate Support Services									
	Local Taxation						(2)		
	Local Taxation	(50)	(50)				(21)		
	Local Taxation	20	20						
	Finance Miscellaneous	(114)	(114)						
	Housing Benefits	15	15						
	Investment Income	15					40		
	Brooker Road Indust Estate	(8)	(3)						
	Oakwood Hill Industrial Estate	(17)	(17)						
	Finance & General Admin	(15)	(15)						
	Car Leasing	(10)	(32)				(10)		
	Office Accommodation	4							
	Office Accommodation	2	2						
	Office Accommodation	11	15				7		
	Energy Sites	38	50				45		
	Total Finance, Performance Management and Corporate Support Services	(109)	(129)	60	0	0	0	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST									
Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's		
Customer Services, Media, Communications & ICT	ICT		60						
	IEG		18						
	IEG								
	ICT		10	10					
	ICT		18	18					
	Total Customer Services, Media, Communications & ICT		106	106	10				
Housing	Homelessness		10						
	Private Sector Housing		25						
	Private Sector Housing		13						
	Private Sector Housing			19					
	Reinstatement Grants								
	Housing Strategy			2					
	Handyman Scheme		3	3					
Total Housing		51	69	132	331	1			
Leisure	Leisure Management		(152)						
	Leisure Services		(66)						
	North Weald Airfield		10	14					
	Total Leisure		(208)	(204)	0	0	0	0	0
Environmental Protection	Waste Management		139						
	Waste Management			1,500					
	Waste Management			(262)					
	Street Cleansing		3	3					
	Pollution Control		17	1	11	7			
	Pollution Control		25	25					
	Total Environmental Protection		184	1,267	11	7	0	0	0
Planning & Economic Development	Tourism								
	Building Control			5					
	Building Control		(27)	(9)					
	Building Control		27	9					
	Building Control		76	90					
Total Planning & Economic Development		58	72	5					
Civil Engineering & Maintenance	Off Street Car Parking		20						
	Off Street Car Parking			19					
	Building Services		7	7					
	Total Civil Engineering & Maintenance		27	46	56	0	0	0	0
Total CSB		793	1,809	274	338	1	0		

	Original 2006/07 £000's	B/F from 2005/06 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
DISTRICT DEVELOPMENT FUND							
Portfolio							
Service							
Corporate Policy Making	10		10	10			
Corporate Policy Making	30		30				
Local Land Charges		11	11				
Total Leader's Portfolio	40	11	51	10			
Community Wellbeing							
Concessionary Fares			(100)				
County wide scheme							
Total Community Wellbeing	0	0	(100)				
Finance, Performance Management and Corporate Support Services							
Housing Benefits/Local Taxation		26	26				
Finance System Outstanding Commitments	37		37				
Finance Miscellaneous	(52)		(52)				
Finance Miscellaneous	56		55				
Insurance/Risk Management		11	11				
Unappropriated Land			5				
Industrial Estates	50		50				
Investment Income			(240)				
Housing Benefits	(119)		(117)	(123)			
Housing Benefits	30		(18)	(44)			
Housing Benefits	(39)						
Housing Benefits		42	42				
Housing Benefits		15	15				
Housing Benefits	(2)			40			
Local Taxation	10						
Payroll/HR		2	2				
Legal Services	7	4	2				
Legal Services	11	6	2	9			
Legal Services		43	2	17			
Legal Services	24		2	41			
Human Resources			(50)				
Legal Services		5	5				
Office Accommodation	8		23				
Office Accommodation		14	14				
Office Accommodation		1	1				
Office Accommodation	112	11	88	66	24	12	
Office Accommodation	50		50				
Office Accommodation		4	4				
Total Finance, Performance Management and Corporate Support Services	183	184	5	6	24	12	0

DISTRICT DEVELOPMENT FUND		Original	Bf from 2005/06	Revised	Estimate	Estimate	Estimate	Estimate
Portfolio	Service	2006/07 £000's	2006/07 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's
Customer Services, Media, Communications & ICT	Public Relations	31			31			
	Improvements to Main Reception Area							
	Total Customer Services, Media, Communications & ICT	31	0	0	31	0	0	0
Housing	Homelessness	9		9	9			
	Private Sector Housing		34	34				
	Total Housing	9	34	43	9			
Leisure	Leisure Management	513		513	160			
	Community Development		15	15	8			
	Waltham Abbey S.C.			10	7			
	Provision of Disabled Toilet			5				
	High Voltage Distribution Network 5 yr Programme			5				
	Scouts Jamboree Additional Income				(50)			
	Fisherman's car park maintenance							
	Community Venues Outreach Pilot Project	10		10				
	Beyond Suburbia Rural Regeneration Project		95	95				
	Beyond Suburbia Rural Regeneration Project		(95)	(95)				
	Additional Projects	20		20				
	Additional Projects	(20)		(20)				
	Active for Life Programme	18		18				
	Sports Development	(18)		(18)				
Sports Development	30		30					
Sports Development	(30)		(30)					
	Total Leisure & Health	523	20	553	117	0	0	0
Environmental	Waste Management	159			0			
	Waste Management			300				
	Waste Management	(53)		(53)	(56)			
	Waste Management	16		16				
	Waste Management	33		33				
	Waste Management	7		7				
	Waste Management		136	136				
	Waste Management			496				
	Waste Management	20		20				
	Waste Management			195				
	Waste Management			65				
	Environmental Health							
	Pollution Control							
		Total Environmental Protection	182	136	754	0	4	4

DISTRICT DEVELOPMENT FUND		Original	Bf from 2005/06	Revised	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2006/07 £000's	2006/07 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Planning & Economic Development	Development Control		53						
	Development Control		24						
	Enforcement	122			122				
	Forward Planning	25	(1)		10	18	4		
	Conservation Policy								
	Planning Services	19	5		24	15			
	Planning Services	119	16		121	24			
	Planning Services	(33)			(33)				
	Planning Services	39	65		80	10	14		
	Planning Services	(39)			(39)				
	Planning Services				56		40		
	Planning Services				(56)		(40)		
	Planning Services	32	(6)		26				
	Enforcement	24				24			
	Forward Planning	237	27		64	200			
	Building Control		25		25				
	Building Control			(25)	(25)				
		Total Planning & Economic Development	545	183	335	413	18		
	Civil Engineering & Maintenance	Grounds Maintenance		10					
Grounds Maintenance			(3)		(3)				
Land Drainage		50			50				
Land Drainage		(50)			(50)				
Land Drainage		100			1	199	90		
Car Parking					10				
Highways		42			45	32			
		Total Civil Engineering & Maintenance	142	7	63	231	90		
	Total District Development Fund	1,655	575	1,704	817	136	13	0	
	Other Items								
	Reimbursement of Highways Residual Costs	(233)							
	Local Authority Business Growth Incentives Scheme	(200)							
		1,222	575	971	500	136	13	0	

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GROWTH BIDS (ITEMS NOT INCLUDED IN THE DRAFT BUDGET)

CSB/DDDF/Capital	Service	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 5 Year Total £000's
Continuing Services	Customer Services Transformation Programme (CSTP)	150	99	175		424
	Emergency Planning Officer		19			19
	Elections		29			29
	Electoral Registration	6				6
Total CSB		156	147	175	0	478
District Development Fund	Customer Services Transformation Programme (CSTP)	362	442	224		1,028
	Comfort Cooling		100			100
	Civic Offices Maintenance		23			23
	Upgrade to Estates Management System		8			8
Total DDF		362	573	224	0	1,159
Capital	Civic Offices Maintenance		56	55	24	143
	Printing Platemaker		35			35
Total Capital		0	91	55	24	178
Grand Total		518	811	454	24	1,815

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**EPPING FOREST DISTRICT COUNCIL
CORPORATE GOVERNANCE GROUP MEETING**

**WEDNESDAY, 6 SEPTEMBER 2006
(9.00 AM - 12.30 PM)**

Present: P Haywood (Joint Chief Executive) (Chairman) J Scott (Joint Chief Executive), J Akerman (Chief Internal Auditor), C O'Boyle (Head of Legal, Administration and Estates) and R Palmer (Head of Finance) I Willett

**Apologies for
Absence:**

Place: P. Haywood's Office, Civic Offices, Epping

51. MINUTES OF THE PREVIOUS MEETING - 7 JUNE 2006

Agreed.

52. MATTERS ARISING

No items for report.

53. AUDIT AND GOVERNANCE COMMITTEE

Draft report for Finance and Performance Management Cabinet Committee agreed subject to the following points:

(a) clarify "independence" of the new Audit and Governance Committee from the Executive and Overview and Scrutiny Committee;

(b) amend paragraph 17 to suggest that membership of the Audit and Governance Committee should be restricted to those who do not serve on the Cabinet and the Overview and Scrutiny Committee (including the Standing Panel on Finance but excluding other Overview and Scrutiny Panels);

(c) include the report reference to the need to change the terms of reference of the Finance and Performance Management and include a statement showing the remaining tasks were an Audit and Governance Committee to be established; and

(d) include clarification in the text of the report about the respective roles of the Finance and Performance Management Committee and the Audit and Governance Committee in relation to risk management;

Agreed that a draft of this report be supplied to the Council's Relationship Manager in the Audit Commission for information and comment.

Agreed that the report should be presented so that members are able to shape the arrangements agreed in the manner which they feel appropriate.

ACTION:

J Akerman/I Willett to finalise report.

54. BUSINESS AND INTERNAL CONTROL ASSURANCE FRAMEWORK

Draft report agreed subject to changes to the lists of protocols and guidance listed and to responsibility for reviewing codes, protocols, etc. being included in the remit of the Audit and Governance Committee.

ACTION:

J Akerman to finalise report.

55. ANNUAL REVIEWS OF FINANCIAL REGULATIONS, CONTRACT STANDING ORDERS AND DELEGATED AUTHORITIES

Agreed that the Working Party which had reviewed the contract standing orders be reconvened to undertake a review of financial regulations, contract standing orders and delegated authorities.

Agreed that I Willett should chair the Group.

Agreed that contract standing orders be pursued by I Willett/C O'Boyle, financial regulations by R Palmer and J Akerman and delegation to officers by I Willett.

Agreed the aspects of contract procedures relating to:

- (a) the financial limit for portfolio holder decisions on contracts; and
- (b) implications of acceptance of tenders based on schedules of rates (e.g. rewiring contract).

ACTION:

I Willett to convene Group.

56. NATIONAL FRAUD INITIATIVE 2006

J Akerman tabled a results summary and reported that there had been three prosecutions involving this Council with a net recovery of £33,000.

Noted that in respect of the National Fraud Initiative for 2006 matches were being prepared by ICT to cover payroll, housing benefits, rents and creditors (mandatory requirements) and that work was being undertaken to look at licensing, insurance and concessionary travel.

Agreed that the Council should continue to support the National Fraud Initiative.

ACTION:

R Palmer/J Akerman to pursue 2006 National Fraud Initiative matches and clarify possibilities in relation to licensing, insurance and concessionary travel.

57. PLANNING PROTOCOL

Noted that I Willett was preparing a report for the Standards Committee regarding changes to the planning protocol to deal with planning applications by Councillors and he was also advising J Preston regarding the terms of revised delegated authorities for the Area Plans Sub-Committees in those cases.

ACTION:

I Willett to pursue.

58. STANDARDS COMMITTEE

(a) Standards Committee Adjudication – Councillor Mrs D Collins

C O'Boyle reported on the outcome of this adjudication.

(b) Outstanding Complaints

Noted that one complaint had been dismissed by the Standards Board for England and would not be pursued any further.

Noted that I Willett was investigating two cases and was at the draft report stage.

(c) Investigations Workload

Noted that at the last meeting of the Finance and Performance Management Cabinet Committee some concern had been expressed about discussion in the Corporate Governance Group of individual cases, which are the subject of investigation.

Agreed that the Corporate Governance Group's prime role should be to monitor workload in respect of these investigations, to be advised of the outcomes of adjudications in terms of corporate governance and operational issues.

Agreed that the Corporate Governance Group should continue to avoid discussion on the details of cases which were under investigation whether by the Standards Board for England or by the Monitoring Officer.

Noted that the workload required in preparing comprehensive investigation reports on these cases was considerable and increasing.

59. OFFICER'S CODE OF CONDUCT

Noted that T Tidey had published proposals for dealing with the registration of interests required under the Code of Conduct for Officers which is due to be considered by the Council at the end of September.

Agreed that the Corporate Governance Group should refer their observations to T Tidey direct.

ACTION:

T Tidey to pursue.

60. REPRESENTATION ON OUTSIDE ORGANISATIONS - ESSEX MENTAL HEALTH PARTNERSHIP AND ESSEX SAFEGUARDING CHILDREN'S BOARD

Agreed that the proposal for a North Essex District Council representative on the Mental Health Partnership should be referred to the next Council meeting with prior consultation with Group Leaders in support of the one nomination, which had been notified.

Agreed that in relation to the Safeguarding Children's Board a report be prepared for the Cabinet at a future meeting to outline the proposal for this Council to be affiliated to the Board and the possible financial implications in the future of so doing.

Agreed that the Council's protocol on external organisation representatives needed to be amended to take account of representatives who were appointed by more than one District Council.

Agreed that as the Mental Health Partnership was likely to be discussed at the Essex Chief Executive's meeting in the near future, there should be clarity in the arrangements and that the objectives should be to secure and agree nomination at the Essex Local Government Association, with Epping Forest District Council having clearly supported a named nominee.

61. DATE FOR FUTURE MEETINGS

Agreed that the next meeting will be held on 25 October 2006 at 9.00 a.m. in P Haywood's office.

Agreed that the following meeting should be on 20 December 2006 at 9.00 a.m.

Agreed that forward dates for 2007 be agreed on the same timetable (i.e. quarterly meetings on the same day as Management Board).

**EPPING FOREST DISTRICT COUNCIL
CORPORATE GOVERNANCE GROUP MEETING**

**WEDNESDAY, 4 OCTOBER 2006
(9.00 - 10.40 AM)**

Present: P Haywood (Joint Chief Executive) (Chairman) J Scott (Joint Chief Executive), J Akerman (Chief Internal Auditor), C O'Boyle (Head of Legal, Administration and Estates) and I Willett (Head of Research and Democratic Services)

**Apologies for
Absence:** R Palmer (Head of Finance)

Place: P Haywood's Office, Civic Offices, Epping

62. MINUTES OF THE PREVIOUS MEETING (6.9.06)

Agreed.

63. MATTERS ARISING

(a) Audit and Governance Committee (Minute 53)

Noted that the proposals for the Audit and Governance Committee had been agreed in principle by the Finance and Performance Management Cabinet Committee and would next be considered by the Constitutional Affairs Standing Scrutiny Panel.

(b) Annual Reviews of Financial Regulations, Contract Standing Orders and Delegated Authorities (Minute 55)

Noted that the first meeting of the Officer Working Party had been held.

(c) Planning Protocol (Minute 57)

Noted that a report had been prepared for the next Standards Committee regarding alterations to the Planning Protocol in relation to planning applications from Councillors.

Noted that a report for the District Development Control Committee regarding delegated authorities in similar cases had also been prepared.

(d) Officers' Code of Conduct

Noted that T Tidey was preparing advice for staff on the new Code of Conduct and the completion of the Registration of Interests forms.

Noted that J Akerman will be discussing with T Tidey the position where existing Registrations of Interests had already been put in place by services.

ACTION:

J Akerman to discuss with T Tidey.

(e) Essex Mental Health Trust

Noted that Mrs S Jackman had been appointed to a seat on the Trust and that no recommendation from this Council had been forthcoming.

Noted that the Chairman of the Essex Chief Executive's Group was writing to the Trust regarding the nomination arrangements.

(f) Electronic Electoral Pilot

Noted that confirmation of a capital grant in respect of abortive costs had been confirmed by the Department for Constitutional Affairs.

64. SPRINGFIELDS, WALTHAM ABBEY - IMPROVEMENT/REPAIR PROJECT – EXEMPT ITEM

Restricted under exempt information paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

65. DATES FOR FUTURE MEETINGS

Noted that the next meeting will be held on 25 October 2006 at 9.00 a.m.

Agreed that dates for 2007 be as follows:

21 February 2007
18 April 2007
20 June 2007
22 August 2007
24 October 2007
19 December 2007

All meetings to be held at 9.00 a.m. prior to Management Board on those dates.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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