



FYLDE BOROUGH COUNCIL



Meeting Agenda

**Audit Committee
Kirkham Council Chamber
Thursday 3 April 2008, 7:00 p.m.**

The doors to the Kirkham Council Chamber will be open to the public at 6:40p.m.

AUDIT COMMITTEE

MEMBERSHIP

CHAIRMAN - Councillor John Singleton
VICE-CHAIRMAN – Councillor Keith Hyde

Councillors

John Coombes	Simon Renwick
Paul Rigby	Kathleen Harper
Paul Hayhurst	Elizabeth Oades
Louis Rigby	

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tracys@fylde.gov.uk



CORPORATE OBJECTIVES

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

CORE VALUES

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



A G E N D A

PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. DECLARATIONS OF INTEREST: <i>If a member requires advice on Declarations of Interest he/she is advised to contact the Legal Services Executive Manager in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).</i>	4
2. CONFIRMATION OF MINUTES: <i>To confirm as a correct record the minutes of the Audit Committee held on 28 February 2008. As attached at the end of the agenda.</i>	4
3. SUBSTITUTE MEMBERS: <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
4. ANNUAL AUDIT AND INSPECTION LETTER	7-27
5. INTERNAL AUDIT PLAN 2008/09	28-33
6. CODE OF CORPORATE GOVERNANCE	34

Personal interests

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
 - (ii) any person or body who employs or has appointed you;
 - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
 - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
 - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
 - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
 - (vii) any land in your authority's area in which you have a beneficial interest;
 - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
 - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

Disclosure of personal interests

- 9.—(1)** Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

Prejudicial interest generally

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of—
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEMOCRATIC SERVICES AND MEMBER SUPPORT EXECUTIVE MANAGER	AUDIT COMMITTEE	3 APRIL 2008	4

ANNUAL AUDIT AND INSPECTION LETTER

Public Item

This item is for consideration in the public part of the meeting.

Summary

To consider the contents of the Annual Audit and Inspection letter which outlines the Council's general performance during the previous year. The report will be presented by the Audit Commission.

Recommendation

To receive the presentation by the Audit Commission's Audit Manager (Mike Tye) and request the Chief Executive together with the Council's Management Team to take the actions outlined in the report.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Leader: Councillor John Coombes

Report

1. The Annual Audit and Inspection Letter is produced each year by the Council's External Auditors and the judgements contained within it are based on inspection activity which has been undertaken during the previous financial year.

2. Key messages relate to the Council's overall performance; its use of resources; its accounts and financial position; the Best Value Performance Plan together with action required by the Council to maintain its improvement momentum.
3. Detailed commentary on the Council's performance is based on the Direction of Travel report together with other performance work and inspections which have taken place throughout the year.
4. Detailed commentary about accounts and governance issues is provided based on the outcome of the audit of the 2006/07 accounts; financial standing; systems of internal control; standards of financial conduct and the prevention and detection of fraud and corruption; legality of transactions and the Use of Resources inspection judgement.
5. A copy of the Annual Audit and Inspection Letter for 2006/07 is attached.

IMPLICATIONS	
Finance	Implications are detailed within the body of the Letter.
Legal	Implications are detailed within the body of the Letter.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability	None arising directly from the report.
Health & Safety and Risk Management	None arising directly from the report.

Report Author	Tel	Date	Doc ID
Tracy Scholes	(01253) 658521	25 March 2007	H/AuditCommittee/AnnualAuditLetter 2007

List of Background Papers		
Name of document	Date	Where available for inspection
As attached		Town Hall or www.fylde.gov.uk

Attached documents

1. Annual Audit and Inspection Letter 2008

Annual Audit and Inspection letter

Fylde Borough Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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Key messages

Council Performance

- The Council can demonstrate improved outcomes across most of its services. It has addressed previous areas of under-performance but comparative performances remain variable, ranging from the best to the worst 25 per cent of councils for key performance indicators.
- The Council has, overall, continued to improve services in areas that it has identified as priorities and the public say are important. It has sustained its strong performance in environmental services and exceeded the national recycling/composting target for household waste (40 per cent) three years earlier than required. However a lack of capacity and embedding new systems resulted in poorer outcomes in planning and benefits services.
- The Council continues to make a positive contribution towards wider community outcomes, both directly and with partners and is one of the safest areas in England with all community safety indicators amongst the lowest 25 per cent. It has improved access to services through its contact centres and website.
- The Council is further developing its partnership with Blackpool and Wyre Borough Councils to promote economic wellbeing by working towards a multi area agreement.
- The Council has made progress on promoting diversity and equalities and has now achieved level 2 of the Equality Standard for Local Government.
- The Council continues to provide and improve value for money in service delivery. Overall costs are commensurate with service delivery, performance and the outcomes achieved. There are robust plans for improvement linked to corporate priorities.
- The Council has made progress with its accommodation project and has firm proposals to develop its current administrative base and rationalise assets as part of the funding arrangements.
- Performance management arrangements are effective and enable a focus to be maintained on achieving outcomes and targets. The scrutiny function continues to be effective and adds value to improvement planning.
- The Council has the financial capacity to deliver its plans. The updated Medium Term Financial Strategy ensures projects have the required finance and resources. External funding has been successfully used to address local priorities. However the Council faces significant budget pressures in 2008/09.

- Despite improved arrangements for the management of sickness absences the Council is behind target and on track to be amongst the worst 25 per cent despite the positive action taken to address absenteeism.
- The Cabinet structure has strengthened governance arrangements and member accountability in decision making and speeded up the process of change and improvement.

Accounts and Value for Money

- We issued an unqualified opinion on Fylde's accounts on 28 September 2007.
- We concluded Fylde has adequate arrangements in place for achieving value for money in 2006/07. This conclusion is based heavily on our work from our Use of Resources (see below) and is not subject to scoring like many of our judgements.

Use of Resources

- The Council's performance remains sound overall and in line with our previous assessment, where we assessed the Council's arrangements as adequate (level 2). However the arrangements for financial reporting, particularly around the production of the year end accounts, are still inadequate. The Council has action plan to address the main areas of weakness and it is important that this plan is adhered to.

Data Quality

- The Council's overall management arrangements for ensuring data quality are adequate. An overarching data quality strategy has been developed but has still to be updated to include a detailed delivery plan.

Local Area Agreement

- The Council and its partners are making good progress in establishing robust arrangements for governance, financial and performance management of the LAA. District councils have revised their community strategies and corporate plans to reflect and integrate the LAA. The timing of the development of the LAA meant that it is also not well aligned with Ambition Lancashire. This has been recognised and the County Council has driven a review of the structure of the county LSP and of Ambition Lancashire.

Health Inequalities

- Our initial findings show that health and local government bodies across the county are investing time, effort and money to address the complex challenges in HI. However, there is not a consistent model or strategic regional approach to reducing the gap in HI. Further work is scheduled to take forward this study during 2008/09.

Action needed by the Council

- Continue to develop the partnership with Blackpool and Wyre Borough Councils to promote economic wellbeing by working towards a multi area agreement. This needs to be in the context of the wider Lancashire Local Area Agreement.
- Ensure there is sufficient capacity in place to improve the outcomes in planning and benefits services.
- Ensure the action plan to strengthen the arrangements around the production of accounts is adhered to.
- Management of sickness absences needs further improvement as this impacts on capacity to deliver.
- Continue to develop your accommodation project and rationalise your assets as part of the funding arrangements.
- Develop a detailed delivery plan to underpin the data quality strategy.
- Work with partners to develop a strategic and operational approach to the reduction of health inequalities in the Fylde area.
- Ensure that the Council has effective arrangements in place to meet the challenge and requirements of the new performance assessment framework under the Comprehensive Area Assessment.
- Review the revisions to the use of resources key lines of enquiry and ensure that the Council can demonstrate compliance against these new and revised requirements for 2008.

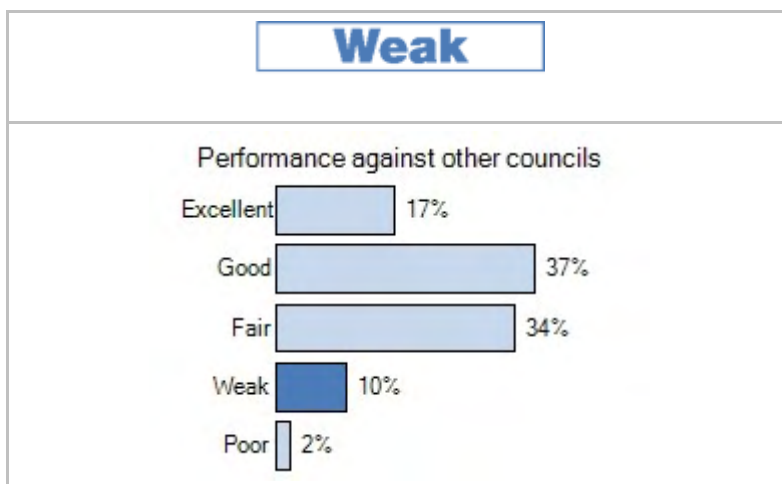
Purpose, responsibilities and scope

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 2 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 3 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk.
- 4 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 5 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 6 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Fylde Council performing?

- 7 Fylde District Council was assessed as Weak in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. Fylde has not sought a further re-assessment. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 8 The Council can demonstrate improved outcomes across most services. It has addressed previous areas of under-performance but comparative performances remain variable, ranging from the best to the worst 25 per cent of councils for key performance indicators.
- 9 The Council has, overall, continued to improve services in areas that it has identified as priorities and the public say are important. Since 2002/03 the extent of improvement has been above the average of all district councils. In 2006/07 out of 67 local and national service performance indicators 43 improved or maintained the same high performance - 22 deteriorated or did not improve.
- 10 The Council has sustained its strong performance in environmental services. It has exceeded the national recycling/composting target for household waste (40 per cent) three years earlier than required, with quarterly performances up to 45 per cent. The local environment is maintained to a high level, reflected in street cleanliness, green flags for local parks and an International Award for Liveable Communities for improving the quality of life for local people in Lytham.

- 11 A lack of capacity and embedding new systems resulted in poorer outcomes in planning and benefits services in 2006/07. The Council did not achieve any of the national targets for the determination of planning applications. Council tax and housing benefits processing times deteriorated. These weaknesses have been addressed, resulting in improvements between April and December 2007.
- 12 In 2006/07, 47 per cent of residents were satisfied with the Council overall (below the median) compared with 51 per cent in 2003/04. Satisfaction with complaint handling increased to 38 per cent from 31 per cent and was amongst the best 25 per cent of councils. Trends in satisfaction with specific services were variable and ranged from the best to the worst 25 per cent. Overall satisfaction with Fylde as a place to live was 87 per cent compared with 90 per cent in 2005. Visitors continue to have high satisfaction with local services - 98 per cent overall satisfaction and no service areas having less than 93 per cent satisfaction.
- 13 Overall comparative performance improved in 2006/07. National best value service performance indicators show that 20 were amongst the best 25 per cent of councils, 8 were better than the median, 13 were worse than the median and 18 were amongst the worst 25 per cent compared with 15, 7, 10 and 16 indicators respectively in 2005/06.
- 14 The Council continues to make a positive contribution toward wider community outcomes, both directly and with partners. The Fylde Strategic Partnership impacts positively on the quality of life for residents, through community safety projects, education opportunities, environmental improvements and improved health care. The Council is leading and facilitating a range of activities for older and children and young people, such as Zest for Life (health activities for the over 50s) and the development of a youth café. The Council has put arrangements in place to discharge its obligations and contribute effectively to the Every Child Matters agenda.
- 15 The borough continues to be one of the safest areas in England with all community safety indicators amongst the lowest 25 per cent. In 2006/07 less burglaries, violent crime and robberies were committed in Fylde but vehicle crimes increased. Reported crimes in 2007/08 have, however, increased. The Council has provided residents and businesses in the central ward area of St Annes – its most deprived council ward - with DNA tabs to mark their property and help prevent theft. This system has proved successful in reducing the numbers of burglaries in trial areas across the country.
- 16 Regeneration work in St Annes has further progressed. As a result users can experience a more attractive environment and shopping facilities. The Council has supported a local community group – ParkView4U – to develop a featureless playing field into a diverse outdoor leisure experience.
- 17 The Council is further developing its partnership with Blackpool and Wyre Borough Councils to promote economic wellbeing by working towards a multi area agreement. This strategic, collaborative approach complements shared delivery of specific services taking place across the Fylde Coast.

- 18 The Council has improved access to services through its contact centres and website. It has addressed the previously high rate of abandoned telephone calls. Website usage has increased significantly with a wider range of on-line services and access to information, including, for example, electoral registration and a builders forum in conjunction with neighbouring councils. The Council is further improving the website with increased functionality and improved user-friendliness.
- 19 The Council focuses services on 'hard to reach groups', for example, the provision of a youth shelter and community clean-ups in disadvantaged areas. It has supported leisure provision in rural communities with Sports Outreach programmes and community based events. These initiatives mean that such groups have more opportunities to participate in such activities. The Council uses a good range of techniques to reach users and visitors and specifically targets children and young people in order that their needs can be addressed. It has appointed a Community Development Officer to engage with young people and member champions for older people, younger people and equality and diversity.
- 20 The Council has targeted the central ward area to address gaps in existing service provision, focusing in particular on community safety, young people, employment and houses in multiple occupation. A Shaping the Place project team is working with the local community. Support and training to assist vulnerable people back to work and/or to acquire new skills increased by over 80 trained people between 2005/06 and 2006/07. Other initiatives include commissioning over 200 affordable dwellings for rent and shared ownership across the borough and doubling expenditure to help people with disabilities to adapt their homes. Such activities enable hard to reach groups to improve their quality of life.
- 21 The Council has made progress on promoting diversity and equalities. It has now achieved level 2 of the Equality Standard for Local Government. The score for the duty to promote race equality has improved from 37 per cent to 58 per cent but the Council remains amongst the worst 25 per cent. The percentage of council buildings in which all public areas are suitable for and accessible to people with disabilities has increased marginally but is also amongst the worst 25 per cent.
- 22 The Council continues to provide and improve value for money in service delivery. It is achieving the required efficiency gains of at least 7.5 per cent over a three year period through, for example:
- an increase in the number of planning and building control applications dealt with using the same resources;
 - a significant increase in the number of electronic payments; and
 - use of Office of Government Commerce contracts and frameworks for the procurement of goods and services.

- 23** Costs are overall commensurate with service delivery, performance and the outcomes achieved. The relationship between costs and the range, level and overall quality of services is variable but generally positive. In certain services areas, such as waste management, spending demonstrates best value from resources. However, in other low cost areas, such as planning, performance has been adversely affected by a lack of capacity and in other service areas comparative performances are inconsistent.
- 24** The general trend is towards lower overall comparative costs although service cost trends are variable. The market testing process for the provision of swimming facilities demonstrated that the Council is running a cost-effective and cost-efficient service.
- 25** The Council is making progress to implement improvement plans to sustain future improvement. It has robust plans for improvement, linked to its corporate priorities. Actions are set out in corporate and service plans and in specific policies and strategies. A 'Moving to Excellence' programme details actions to achieve the vision of becoming a flagship council. The programme focuses on culture, customers, organisational development, performance management and value for money.
- 26** The Corporate Performance Plan 2007/08 sets out the Council's improvement priorities and identifies actions, outcomes, responsibilities and targets. The plan is realistic. It is informed by consultation and a State of the Borough event and linked to budget considerations. If achieved the actions will result in better services or facilitate improvements for users. However, not all actions in the plan have an identifiable outcome, for example, 'review council assets'.
- 27** Other plans and strategies to achieve and sustain future improvement include:
- a Play Strategy that sets out a vision for play over the next five years and the Council's contribution to the Every Child Matters Agenda;
 - the refurbishment of Ashton Gardens where work will commence in 2008;
 - an Interim Housing Policy to maintain a five year supply of housing land – including for affordable housing - as part of the implementation of the Regional Spatial Strategy;
 - a revised policy for improving private sector housing conditions in the borough;
 - working with partners to finalise the Local Area Agreement, which reflects both district and county-wide priorities; and
 - proposals for the implementation of differential council taxation intended to reflect access to services that meets the diversity of local communities.
- 28** The Council's Use of Resources Action Plan provides a focus for improving value for money, with targets for ongoing and further efficiency gains through transaction savings and joint procurement activities. It has developed business cases to support options appraisals for key activities, such as revenues and benefits services and human resource functions.

- 29 The Council has made progress with its accommodation project and has firm proposals to develop its current administrative base and rationalise assets as parts of the funding arrangements.
- 30 The Council continues to implement improvement planning well with most key objectives and milestones being achieved. It has addressed areas of under-performance, notably in planning and benefits services. Services that were previously good, such as waste management, have further improved outcomes. The Council reports that overall performance in 2007/08 has improved compared with the corresponding period in 2006/07.
- 31 Performance management arrangements are effective and enable a focus to be maintained on achieving outcomes and targets. Existing arrangements have been strengthened by:
- the introduction of the Escendency software system that provides more structured performance reporting and monitoring functions; and
 - a centralised complaints procedure and reporting of the number and nature of complaints.
- 32 The Council has strengthened its approach to managing and improving value for money by using the Audit Commission cost profiles to monitor the performance of key service areas. The Council's overall management arrangements for ensuring data quality are demonstrating adequate performance and are being strengthened through a revised policy and action plan.
- 33 The Council's scrutiny function continues to be effective and add value to improvement planning. It has reviewed assets, citizens advice bureaux, customer services, homelessness, missed bin collections and the Fylde Strategic Partnership. As a result recommendations have been implemented leading to improved access to services, responsiveness and value for money.
- 34 The Council has the capacity to deliver its plans. The updated Medium Term Financial Strategy ensures that projects have the required finance and resources. The strategy outlines the actions required to stabilise the Council's finances and to bridge the gap between spending plans and resources. The Council again set a balanced budget for 2007/08. It has approved a policy on the level of reserves and balances which is based on a thorough understanding of its needs and risks. It again faces significant budget pressures for 2008/09 and key decisions about the level and provision of services.
- 35 External funding has been successfully used to address local priorities, for example, the central ward project – all core activities are sustainable beyond the funding provided by the Fylde Strategic Partnership.
- 36 The Council proactively embraces partnerships as a key way of enhancing capacity to deliver its plans, particularly on joint strategic collaboration with Blackpool and Wyre Borough Councils. The councils are working to adopt common planning policies, providing users with consistent and comprehensive advice and guidance, for example, 'Extending Your Home'.

- 37 In 2006/07 improved management of sickness absences resulted in a reduction to 10.6 days lost per employee from 11.6 days in 2005/06. However, this performance has not been sustained. In 2007/08 sickness absences are behind target and on track to be amongst the worst 25 per cent despite the positive action taken to address absenteeism.
- 38 The Council enhances capacity amongst councillors and officers through development programmes. Following the 2007 elections new councillors had a comprehensive induction programme. Middle managers have benefited from the 'Success through People' training programme and networking opportunities. The Council has also learned through its involvement in the North West Improvement Network.
- 39 The Council does not have any significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained. However, in 2006/07 the Council's financial reporting was weak. It missed the statutory deadline for the production and approval of the 2006/07 statement of accounts. This is now being addressed with support from a neighbouring council.
- 40 The Cabinet structure has strengthened governance arrangements and member accountability in decision making and speeded up the process of change and improvement. The Council has addressed issues which had been identified previously as having the potential to inhibit progress. It has strengthened its Audit Committee which performs a key role in monitoring improvement plans and published reports.
- 41 The Council has approved a Strategic Risk Management Strategy. It routinely assesses strategic issues and risks and ensures that assurances, capacity and controls are in place to deliver improvements.
- 42 The Council has introduced a revised members code of conduct. This fits with its arrangements to lessen any instances of failures in governance that would prevent improvement levels being sustained. Improvements have been made to register the pecuniary interests of staff.
- 43 In 2006/07 the Local Government Ombudsman found no incidents of maladministration on the part of the Council. The Ombudsman received 18 complaints against the Council, an increase of 5 from 2005/06 and outlined one serious concern in the length of time the Council took to respond to formal requests for further information.

Service inspections

- 44 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has not received any inspections from other inspectorates.

The audit of the accounts and value for money

- 45 As your appointed auditor I have reported separately to the Audit Committee on the issues arising from our 2006/07 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts on 28 September 2007;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate on 28 September 2007: and
 - my report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 46 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 47 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	1 out of 4
Financial management	2 out of 4
Financial standing	2 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	2 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the Use of Resources audit

- 48** The Council's performance remains sound overall but shows little change from our previous assessment. This is partly because our current assessment reflects the position at 31 March 2007 and mainly updates the work we did last year towards the end of 2006. In particular we have found:
- the Council's costs compare favourably with other district councils and nearest neighbours. Service performance is variable but the relationship between costs and the range, level and quality of services is generally positive;
 - an appropriate risk management strategy in place. Members who have responsibility for corporate risk management receive regular reports and take appropriate action to ensure corporate business risks are actively managed;
 - the Council has again set a balanced budget which takes account of financial constraints and identifies the savings needed to bridge the gap between spending plans and resources;
 - the Council's medium term financial strategy is linked to key strategic objectives and both financial and non-financial performance is monitored and reported to members; and
 - the Council maintains an up to date asset register although it has not yet developed a means of integrating asset management information with relevant organisational financial information
- 49** We are concerned, however, that the Council's arrangements for financial reporting, particularly around the production of the year end accounts, are still inadequate. The Council has an action plan to address the main areas of weakness in all themes and it is important that this plan is adhered to.

Other audit work

Data Quality

- 50** This is the second year we have reviewed Data Quality at the Council. Our overall view is that the Council's overall management arrangements for ensuring data quality are adequate. The Council has appropriate arrangements for the governance of data quality although its commitment to data quality is not consistently reflected in key strategic documents. An overarching data quality strategy has been developed but this has not been updated to include a detailed delivery plan. The data quality systems and processes are developing but an effective framework for data sharing is not yet in place. The Council's data quality arrangements on people and skills and data use and reporting are adequate. Our limited review of indicators for 2006/07 identified that the indicators were fairly stated but some systems weaknesses were identified and a separate action plan to address these has been agreed with officers.

Local Area Agreement

- 51 Our review, undertaken in Autumn 2007, concluded that there is a strong, shared commitment to developing targets, systems and structures to make sure that the Local Area Agreement (LAA) delivers good outcomes for local people across the County. Agreeing and delivering an LAA in a county as large, complex and diverse as Lancashire is a huge challenge. The County Council, Lancashire district councils and other partners recognise this and are rising to the challenge.
- 52 This commitment is bringing some real benefits in terms of improved partnership working, more productive relations between district councils and the County Council and greater consensus around what is important for the diverse communities that make up the county. The LAA has informed and improved community leadership locally and driven greater acceptance of joint working.
- 53 The LAA focuses on increased life expectancy, improving life chances, sustainable Lancashire communities and narrowing the gap between the most and the least disadvantaged. The overarching aims and targets are clear and were agreed following consultation with the wide range of partners involved.
- 54 The partnership is maturing and becoming more established. Leadership is developing well. Arrangements comply with LAA terms and conditions and statutory requirements. The Internal Audit function of the County Council plays a key role in assurance of arrangements.
- 55 The County Council is investing substantial capacity into building good governance and accountability. As a result some important building blocks are in place including good systems for performance monitoring and management. Others such as arrangements for financial management are developing well.
- 56 There has inevitably been a strong focus in the first phase on setting up systems and delivery chains. There is currently a risk of delivery mechanisms and processes becoming overly complex and bureaucratic so that the capacity of partners to participate in the range of processes, meetings and groups is strained.
- 57 There is the potential to use the expertise and capacity available in district councils more efficiently. For example drawing on their experience of managing Neighbourhood Renewal Funding. This would help to reduce the substantial capacity burden on the County Council.
- 58 Arrangements for decision making have been agreed but in some areas there is a lack of transparency. For example in relation to allocation of funds. The decisions of the steering groups and the performance group need to be more clearly stated and better communicated so that the rationale behind them can be understood.
- 59 Governance arrangements for delivery of county targets at a district level are not yet in place. There has been slow progress in drafting and agreeing suitable service level agreements and contracts. This means that accountabilities, responsibilities and resources are not clearly defined. It currently presents a risk to delivery.

- 60 The County Council and the leadership of the LAA are maintaining momentum around delivery and have gained the commitment of partners despite some of these problems of processes.
- 61 District councils have revised their community strategies and corporate plans to reflect and integrate the LAA. Local community strategies and Ambition Lancashire are not currently well integrated. The county vision is not well linked to local visions. The timing of the development of the LAA meant that it is also not well aligned with Ambition Lancashire. This has been recognised and the County Council has driven a review of the structure of the county LSP and of Ambition Lancashire.

Health inequalities

- 62 In our audit plan for 2007/08 we stated our intention to undertake a study of Health Inequalities (HI) across Lancashire to include councils, primary care trusts and other stakeholders. HI is an issue for this borough and the county of Lancashire generally. There is significant variation within the borough and the county area on key measures of health such as;
- average life expectancy;
 - death by suicide and/or by accidents;
 - infant mortality rates; and
 - cancer, heart disease and stroke rates.
- 63 Our initial findings show that health and local government bodies across the county are investing time, effort and money to address the complex challenges in HI. However, there is not a consistent model or strategic regional approach to reducing the gap in HI. Activities suffer from the lack of a robust planning and project management framework and there is limited performance management of HI specific indicators. As a result there is a high risk that the investment will not help reduce the HI gap across the county over the next three years.
- 64 Health partnerships tend to develop individual initiatives but a lack of project management and performance reporting to cabinet/board level is preventing progress. HI information is available and being used to target resources towards deprived communities and groups. Better leadership on public health, and identification of HI champions at local level would facilitate more progress.
- 65 Our second phase of work, to be conducted in 2008/09, will be directed towards assisting organisations to develop co-ordinated strategies in order to ensure their corporate and partnership resources are used more effectively. This work will be aligned with HI developments within individual councils including Fylde, health bodies and other significant stakeholders such as Government Office North West and the Department of Health.

Looking ahead

- 66 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 67 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 68 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 69 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the Audit Committee 3 April 2008. Copies need to be provided to all Council members.
- 70 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	May 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
IT Risk Assessment	September 2007
Your business @ Risk	November 2007
Annual audit and inspection letter	March 2008

- 71 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 72 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Michael Thomas
District Auditor and Relationship Manager

March 2008

REPORT



REPORT OF	MEETING	DATE	ITEM NO
HEAD OF AUDIT	AUDIT COMMITTEE	3 APRIL 2008	5

INTERNAL AUDIT PLAN 2008/09

Public Item

This item is for consideration in the public part of the meeting.

Summary

The terms of reference for the Audit Committee include approving but not directing internal audit's strategy and plan. This report outlines the Internal Audit Plan for the financial year 2008/09 and briefly describes the methodology used in its production.

Recommendation

Recommendations

1. The Committee approves the Annual Internal Audit Plan 2008-09.

Cabinet Portfolio

The item falls within the following executive portfolio[s]:
Finance & Efficiency (Councillor Paul Rigby)

Report

1. Background

1.1 All local authorities must establish a system of internal audit which objectively examines, evaluates and reports on the adequacy of their control environment.

1.2 Focussed audit planning is essential to ensure that a reasonable informed opinion can be formed on the whole control framework including risk management and governance during the audit year. Effective planning also:

- ♦ optimises the use of available audit time;
- ♦ provides a structured approach to audit work;
- ♦ identifies the risks regarding the Council's achievement of its objectives and directs audit resources accordingly;
- ♦ ensures the appropriate evidence is collected in support of a reliable opinion on the Council's systems of internal control, which will feed into the Annual Governance Statement;
- ♦ acts as a yardstick against which internal audit's actual performance can be measured.

1.3 Moreover, approval and support of the plan demonstrates the Council's commitment to securing effective systems of internal control, risk management and governance, which are essential foundations of being a well managed Council.

2. Audit Universe

2.1 The Audit Universe comprises all the auditable systems and processes within the Council from which the Audit Plan is derived.

2.2 Various factors are taken into account when selecting areas from the Audit Universe for inclusion in the current year Plan, such as:

- ♦ time since last audited – to ensure all activities are audited at least once within a five-year cycle;
- ♦ materiality - value or volume of transactions;
- ♦ complexity of systems;
- ♦ vulnerability or past susceptibility to fraud or error;
- ♦ cumulative audit knowledge on the quality of the control environment including any significant issues or reports;
- ♦ changes to systems either planned or known to have occurred;
- ♦ local, national or legislative issues;
- ♦ contents of the Council's Risk Register;
- ♦ the views and concerns of the Council's management team;
- ♦ the views and concerns of the Audit Committee;
- ♦ impact of other external reviews

2.3 The above risk assessment informs which elements of the Audit Universe should feature in the current year's annual Audit Plan, and facilitates a prioritised allocation of required audits to the available resources.

3. Annual Plan

3.1 In addition to those activities identified as a result of the above process the main financial systems of the Council are covered every year. Some other areas are also reviewed annually - these include corporate governance and performance management activities. These topics are not subject to the risk assessment process.

3.2 An increased contingency provision has also been included in the plan to cover changes in circumstances after the completion of the risk assessment, such as specific requests for audit, ad hoc work, on-demand tasks and special investigations. This recognises that the plan, whilst produced on an acknowledged risk basis, remains a flexible document.

3.3 There will be a number of audit reviews that are ongoing at the end of March 2008 and the days to complete these will be taken from contingency.

3.4 A copy of the Annual Internal Audit Plan 2008-09 is attached as Appendix 1.

4. Shared Services

4.1 For the first time several major services will now be delivered by an external provider. These include payroll, council tax, business rates and from September 2008, housing benefits. It is not determined precisely how the audit of such services will be undertaken but in each case it will remain the Council's responsibility to ensure the service is provided in accordance with the various agreements reached.

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	18 March 2008

List of Background Papers		
Name of document	Date	Where available for inspection
Internal Audit Plan 2008-09		All background papers or copies can be obtained from Savile Sykes, Head of Internal Audit on 658413 or email saviles@fylde.gov.uk

Attached documents

1. Internal Audit Plan 2008-09

FYLDE BOROUGH Council - Internal Audit Plan 2008/2009

Main Financial Systems	Days	Sub Totals
Cash Collection	18	
Council Tax/NNDR (Combined)	25	
Creditors	18	
Housing Benefit/CTax Benefit	25	
Main Accounting	18	
Payroll	18	
Sundry Debtors	18	
Treasury Management	18	158
Other Financial Systems		
Overtime Review	6	
Petty Cash & Floats	3	
Procurement	18	
Purchasing Cards	10	
Trade Waste	18	
Follow Up Work	6	61
Non-Financial Audit		
Internet Usage	18	
Partnership Review	20	
Risk Management	18	
Follow Up Work	1	57
Corporate Governance		
Annual Governance Statement	20	
Use of Resources - KLOE	5	25
Performance Management		
BVPI Data Quality Review	28	28
Computer Audit		
ICT Audit Liaison/Follow Up	4	4
Contract Audit		
Tendering & Contracts	20	20
Anti-Fraud		
Fraud & Corruption Modules	7	
Follow Up Work	7	14
Other Audit Work		
Authorisation Schedules	3	
Cancelled/Replacement Cheques	11	14
Reactive Work		
General Consultancy/Advice	8	
Contingency	80	88
TOTAL AUDIT WORK	469	469
Audit Team		
Management/Planning/Administration	135	135

Non-Audit Work		
Corporate & Democratic Core	19	
Other	26	45
TOTAL DAYS ALLOCATED	649	649

REPORT



REPORT OF	MEETING	DATE	ITEM NO
COUNCIL'S SOLICITOR	AUDIT COMMITTEE	3 APRIL 2008	6

CODE OF CORPORATE GOVERNANCE

Public Item

This item is for consideration in the public part of the meeting.

Summary

A sound system of corporate governance underpins the achievement of all of our strategic objectives and is a significant element of the Comprehensive Performance Assessment (CPA) and Use of Resources assessment regimes, which help us compare our performance with other councils.

In June 2006 CIPFA and SOLACE issued a consultation draft document entitled "Good Governance in Local Government: A Framework", which urges councils to:

- develop and maintain an up-to-date local code of governance consistent with the core principles set out in the Framework, including arrangements for ensuring its ongoing application and effectiveness;
- review their existing governance arrangements against this Framework;
- prepare governance statements each year to report publicly on how they comply with their own codes including how effective their governance arrangements are, and on any planned changes.

A local Code of Corporate Governance will show how Fylde Borough Council will comply with the new CIPFA SOLACE Framework.

The Code of Corporate Governance will be sent to members to follow this report for consideration by the Audit Committee.

IMPLICATIONS	
Finance	No direct implications
Legal	No direct implications
Community Safety	No direct implications
Human Rights and Equalities	No direct implications
Sustainability	No direct implications
Health & Safety and Risk Management	No direct implications

Report Author	Tel	Date	Doc ID
Tracy Scholes	(01253) 658521	26 March 2008	

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

Attached documents

1. Document to follow

Audit Committee



Date	Thursday 28 February 2008
Venue	Kirkham Council Chamber, Kirkham
Committee members	Councillor John Singleton (Chairman) John Coombes, Kathleen Harper, Paul Rigby, Elizabeth Oades Louis Rigby, Fabian C. Wilson
Other Councillors	Keith Beckett, Lyndsay Greening, Peter Hardy, Ken Hopwood, Linda Nulty, Barbara Pagett.
Officers	Savile Sykes and Peter Welsh

Prior to the start of the meeting, Councillor Louis Rigby was nominated to act as Vice-Chair for the duration of this meeting.

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 10 January 2008 as a correct record for signature by the chairman.

3. Substitute members

The following substitutions were reported under council procedure rule 22.3:

Councillor Fabian Craig-Wilson for Councillor Keith Hyde.

4. Best Value Performance Plan - Statutory Audit Report 2007/2008

Savile Sykes (Head of Internal Audit) presented the report and informed members that under the Local Government Act 1999 the Council was obliged to prepare and publish an annual Best Value Performance Plan (BVPP) setting out the Council's assessment of its performance and showing how the objective of achieving continuous improvement had been addressed.

The Council had received an unqualified statutory audit report on the Best Value Performance Plan for 2007/08. The auditors' formal opinion was included with the report and confirmed that the BVPP had been prepared in accordance with the Local Government Act 1999 and the statutory guidance issued by the government.

The requirement for all English authorities to produce BVPPs would be removed with effect from 1 April 2008. Therefore the last BVPP required was the one published by the Council

in June 2007.

The committee RESOLVED to note and receive the Statutory Audit Report on the Council's Best Value Performance Plan 2007/08.

5. Code of Corporate Governance

Savile Sykes (Head of Internal Audit) presented the report which informed members of the requirement to develop and maintain a Local Code of Corporate Governance and publish an Annual Governance Statement. SOLACE and CIPFA had updated their previous guidance and requirements for what should be included within the Code of Corporate Governance.

The new CIPFA SOLACE Framework identified the following 6 core principles that underpinned a council's system of governance:

- Focussing on the purpose of the authority and on outcomes for the community, including citizens and service users, and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust local public accountability.

A Corporate Governance Group comprising of key senior officers had been established to oversee the writing of the local Fylde Code. The Group would also take responsibility for the annual assurance process by conducting the detailed annual self-assessment against the CIPFA SOLACE checklist. In addition, the group would require Executive Managers to provide assurance statements relevant to their own areas of responsibility as part of the process.

It was envisaged that the draft local Code of Corporate Governance would be brought to the next meeting of the Audit Committee for approval.

The Corporate Governance Group would review the draft Annual Governance Statement prior to signature by the Leader and Chief Executive.

The Audit Committee would review and approve the draft Statement prior to publication but more importantly would retain responsibility for reviewing the adequacy and effectiveness of the Council's overall governance arrangements.

The committee RESOLVED to note the requirement to develop and maintain a Local Code of Corporate Governance and approved the framework for the production of the Annual Governance Statement

6. Follow Up Reports 2007-08 (Update)

Savile Sykes (Head of Internal Audit) presented the updates on the follow up reports.

At previous meetings of the committee the Head of Internal Audit had reported on outstanding actions from follow up reviews carried out in 2006/07 and during the first half of 2007/08.

The overall annual rate of implementation for 2006/07 follow ups now stood at 77% compared to the original figure of 63%. The rate of implementation for high and medium recommendations had now increased from 64% to 91%. In both cases these were the highest levels achieved since this figure was first monitored.

Details of outstanding issues for 2007/08 and revised implementation dates in respect of purchasing cards, business rates and council tax reconciliation, payroll, IT Pericles software review and licensing issues were noted.

Following consideration the committee RESOLVED-

1. To note the situation with regard to follow up reviews completed in 2006/07, and further note that the few remaining issues will either be picked up by current reviews or will become obsolete.
2. That in the event of any long outstanding issues not being implemented prior to the next meeting the Chief Executive be informed of the committee's concerns.
3. That the implementation target rate for audit recommendations be established at 95%.
4. To note the latest position with regard to follow up reviews completed to date during 2007/08 and seek a further update in due course.
5. That the reconciliations between CTax/NNDR and main accounting be reinstated and maintained thereafter on a quarterly basis as a minimum.

7. Statement on Internal Control 2007/08

Savile Sykes (Head of Internal Audit) presented the report and informed members that the Audit Committee had adopted the Statement of Internal Control (SIC) and was charged with monitoring the progress in fulfilling the action plan. (This obligation would be replaced from 2008/09 with the arrangements for an Annual Governance Statement).

Members expressed concern on the lack of progress on the implementation of the central recording of complaints however it was noted that staffing and financial resources placed constraints on the implementation of a centralised system. Members also expressed concern on the lack of an 'in-house' system for the recording of complaints.

Following a full debate it was RESOLVED:-

1. That the latest position with regard to each of the issues currently included on the Statement on Internal Control 2007/08 be noted.
2. That the Chief Executive be advised of the committee's concerns on the lack of progress on the implementation of the central recording of complaints.
3. That officers look into the introduction of an 'in-house' monitoring system for the recording of complaints.
4. That officers investigate the ways an excellent performing local authority deals with the central recording of complaints and report back to a future meeting of the committee.
5. That resource issues need to be addressed in respect of the introduction of the complaints procedure.
6. That the financial constraints and resource issues currently facing the accountancy section be noted.

7. That following the implementation of a revised service level agreement for financial services the committee be advised of the detailed arrangements.

8. Whistleblowing Policy

Savile Sykes (Head of Internal Audit) informed the committee that a review of the Whistleblowing Policy had been carried out against a background of the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remained functional and robust; the fact that the current Whistleblowing Policy had not been reviewed by members since it was approved; the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to review the effectiveness of the whistleblowing arrangements and to ensure the council's commitment to providing support to whistleblowers was demonstrated.

The committee RESOLVED to approve and recommend the adoption of the revised Whistleblowing Policy for further consultation.

9. Anti-Fraud & Corruption Policy and Strategy

Savile Sykes (Head of Internal Audit) informed the committee that the existing anti-fraud & corruption framework had been developed and amended over a number of years and it was now timely to refresh and restate the Council's overall approach. Consequently the new policy and strategy replaced the current Anti-Fraud & Corruption Policy and the associated Fraud Response Plan, both adopted in 2003.

The review of the Anti-Fraud & Corruption Policy and Strategy has been carried out against a background of the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remains functional and robust; the fact that the current policy and strategy have not been reviewed by members since they were approved; the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to demonstrate a strong counter fraud culture.

The committee RESOLVED to approve the new Anti-Fraud & Corruption Policy and Strategy detailed in the report for further consultation.

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