



Minutes of the meeting of the AUDIT COMMITTEE held on WEDNESDAY 8 APRIL 2009 at 7.30 pm

**Present:** Councillor White (Chair)  
Councillors Bint, Burke, Crooks, Dransfield, I Henderson and Tunney

**Officers:** G Snelson (Corporate Director – Strategy, Governance and Performance), D Wilkinson (Head of Audit and Risk Management), G Waghorn (Deputy Head of Finance), L Baker (Audit Manager), J Moffoot (Head of Democratic Services), R Purnell (National Management Trainee), C Wilderspin (National Management Trainee) and L Sung (Senior Committee Manager).

**Also Present:** R Hathaway and C Ryan (Audit Commission).

**Apologies:** Mr C Fogden and Mr A Peck (Independent Members)

## AC53 MINUTES

### RESOLVED -

That the Minutes of the meeting of the Audit Committee held on 27 January 2009 be approved and signed by the Chair as a correct record, subject to amendments to Paragraph 3 Minute AC49 (School Build Investigation Follow-Up), which for clarity should now read:

“The Committee accepted that improvements had been made but had some concerns in respect of the School Build Programme Board. The following reasons were highlighted:

- Dates of the School Build Programme Board attendance and timetable had changed over time.
- Attendance of members had been inconsistent.
- The Terms of Reference of the Board had not been signed off due to non-regular attendance and possible diffusion of responsibilities.
- Despite a decision the previous summer, the Radcliffe Project had only been referred to the Board after it had collapsed.
- The Board had not been involved with the strategic study of conditions survey “Building Schools for the Future”.

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- There had been some breaches of Financial Regulations by senior staff.
- The involvement of external members on the Board may lead to some reticence of open discussion.”

**AC54**

**MANAGEMENT OF CAPITAL PROJECTS AND CAPITAL PROGRAMME (POSITION AT END FEBRUARY 2009 (PERIOD 11))**

The Committee considered the Audit Commission’s report on the Council’s Capital Project Management and alongside this, the latest position, forecast outturn and the risks identified in the 2008-2009 Capital Programme.

The Committee welcomed the new reporting procedures on the Capital Programme which included details of major risk factors, complete with an analysis from the s.151 Officer. Other programmes influenced the Capital Programme, such as Milton Keynes Partnership’s Capital Programme and s.106 agreements, and the Committee felt that it was unable to view the Council’s Capital Projects in a strategic way.

The Committee raised concerns about the Coachway scheme as tenders received had exceeded the funding offered by £1m. The scheme was over-budget with negotiations continuing through the Programme Management Board as a means of agreeing funding to allow the works to proceed.

Members of the Committee reported that the Audit Committee had not consulted them about the report.

**RESOLVED –**

1. That the report of the Audit Commission on Capital Project Management be noted.
2. That the expenditure to date, projected outturn and funding position for the 2008-2009 Capital Programme be noted.
3. That the comments of the s.151 Officer on the risks identified in the 2008-2009 Capital Programme be noted.
4. That the Committee expresses its concerns about the serious delays in respect of the delivery of the Coachway scheme and requests the Cabinet to ask the Council’s Corporate Leadership Team to improve procedures to ensure the efficient and cost effective delivery of future projects.
5. That the Audit Commission be requested to comment on the failure to consult Councillors as part of the Audit Commission’s investigating procedure in the Council’s Capital Project Management.

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**AC55****REVENUE BUDGET MANAGEMENT REPORT – TO THE END FEBRUARY 2009 (PERIOD 11)**

The Committee considered the risks affecting the revenue outturn position for the General Fund, Housing Revenue Account (HRA) and the Collection Fund, as at the end of February 2009.

The Committee was concerned that the Radcliffe School deficit continued to increase. There was further concern that there was no headroom in reserves which may be required to provide support during the economic downturn.

The Committee gave particular consideration to the summary of forecasting submissions by budget managers.

RESOLVED –

1. That the identified risks and areas of concern, in respect of the Revenue Budget, be noted.
2. That the forecast outturn positions reported by Directorates be noted.
3. That the s151 Officer's comments on efficiency targets, significant risks and their potential impact be noted.
4. That the risks identified be closely monitored by Directorate Management Teams on a monthly basis, with particular focus upon their potential effect on projected outturns.
5. That the Director of Finance report back on any patterns emerging in respect of forecasting submissions.

**AC56****STATEMENT OF ACCOUNTS**

The Committee considered the progress made against the Audit Commission's recommendations made at the conclusion of the audit of the Statement of Accounts 2007/2008.

The Committee considered an action plan to address the recommendations.

RESOLVED -

1. That the actions taken to date be noted.
2. That the position be reviewed as part of the audit of the 2008/2009 Statement of Accounts.
3. That a report be brought back to the Committee identifying the use of resources and the value the Council receives.

**AC57****PARTNERSHIP GOVERNANCE REPORT**

The Committee considered a comprehensive review of the Council's governance of major strategic partnerships. The findings had been

**5c**

agreed with partner organisations and an action plan had been prepared in response to the review. The review had been undertaken in conjunction with Internal Audit and the Audit Commission.

The partnership governance review came about as a result of the internal Corporate Governance Review which identified a number of weaknesses and had recommended that partnership working should be explored across the authority as a whole, a decision made on the definition of partnerships and the application of governance arrangements with regard to partnerships.

The Head of Democratic Services reported that there was no central co-ordination of partnerships and a lack of consistency in membership.

The Committee felt that partnerships required a higher level of governance and should be risk assessed with the aim of delivering outcomes for people. There should be a measurement of how well the partnership performs and an assessment made of how well they should be supported as a result.

The Committee was advised that a Partnership Toolkit would set out principles that could be applied to all levels of partnership working. There would a business case presented for each partnership which would be reviewed on an annual basis.

The Committee then considered the Action Plan and the timescales in which they would be achievable:

- A business case for all partnerships of which the Council was a member – December 2009
- The Council's level of involvement to be clearly specified – December 2009
- The Council to undertake a risk assessment of its involvement in partnerships – December 2009
- Partnerships to carry out risk assessments of their activities – December 2009 and then undertaken on an annual basis
- A partnership register to be developed to include details of the partnership and specify officer/councillor involvement – September 2009
- An on-line partnership toolkit – April 2009
- Training and development for officers and councillors representing the Council on any partnership – March 2010
- Partnerships to complete registration process – September 2009.

**5d**

The Committee thanked the National Management Trainees for the work they had undertaken and for presenting their report to the Committee.

**RESOLVED –**

1. That the review of Partnership Governance be noted.
2. That the Action Plan be approved for implementation with an additional action to investigate what financial controls were in place and how each partnership controlled its expenditure.
3. That a report on progress against the Action Plan be submitted to the Committee early 2010.
4. That the Committee receives periodic updates to ensure that the timescales as set out in the action plan are being met.
5. That the Corporate Director – Strategy and Partnerships report back to the Committee on the outcomes and aims of partnerships, a definition of partnerships and details of the different types of partnerships in which the Council is involved.
6. That the Council's partners be made aware of when the Council will be undertaking its review.
7. That the Committee acknowledge that the review provides an opportunity to look at appropriate levels of membership on partnerships.
8. That the Committee notes that the Council's statutory partnerships may wish to undertake a similar review of the Council.

**AC58**

**ANNUAL AUDIT AND INSPECTION LETTER**

The Committee received the final version of the Annual Audit and Inspection Letter which stated that Milton Keynes was now one star CPA rated and was 'not improving adequately'. This was a significant decline from the Council's 2007/2008 assessment of three stars and 'improving adequately'. The Committee noted that the Council was improving in some service areas although Children and Young People's Services' performance had deteriorated and was rated as inadequate.

The Annual Audit and Inspection Letter reported that cross party working and community leadership, senior management capacity, value for money and a consistent and strong performance management culture was not in place to drive improvement at the pace necessary. The Council needed to ensure that the messages in the Annual Audit and Inspection Letter were understood and acted upon, across all political parties and in depth and breadth across the whole organisation. The Council needed to demonstrate some significant changes in approach to the year ahead to improve areas

of weak performance and increase value for money.

The Committee acknowledged that the appointment of permanent staff at senior levels may provide some stability for the Council.

RESOLVED –

That the recommendations set out in the Annual Audit and Inspection Letter be noted.

#### **AC59**

#### **SCHOOL BUILD – VALUE FOR MONEY AUDIT**

The Head of Audit and Risk Management provided the Committee with a verbal update on an allegation made that the Council Tax collection rates had been manipulated and falsified in 2007/2008.

Following investigation of the claim, the Head of Audit and Risk Management reported that there had been no evidence produced to support the allegation.

The investigation into the allegation had provided Internal Audit with an opportunity to investigate issues relating to the remittance of bailiff fees. The investigation found that the practice adopted was consistent with best practice, although contradictory to Financial Regulations. Whichever way was used, there would have been little effect on the Council Tax Collection Rate performance indicator for 2007/2008.

RESOLVED –

That the outcome of the investigation be noted.

#### **AC60**

#### **GATEHOUSE SCHOOL REVIEW**

The Head of Audit and Risk Management reported that the Learning & Development Policy Development Committee would be considering the issues relating to the Gatehouse School Review and advised the Committee on the role it may seek to perform in respect of the governance issues that may arise from the review.

The Committee felt that there was a need to develop an understanding in respect of the level of assurances they would be willing to accept from officers or from other parties.

The Head of Audit & Risk Management advised the Committee that a revised Whistleblowing Policy had recently been considered by the Cabinet.

RESOLVED –

1. That the Head of Audit & Risk Management report back to the Committee on how best the Committee may be assured that appropriate risk assessments were being undertaken.

2. That the Head of Audit & Risk Management report back to the Committee with proposals on how whistleblowers may be protected.
3. That with regard to Whistleblowing and assurance provided by Officers, the Committee receive a further report on the matter including scenarios for the Committee to consider.

**AC61**

**SELECT RECRUITMENT CONTRACT**

Councillor Crooks reported on the lessons learned in respect of the Select Recruitment Contract.

The Deputy Head of Finance reported that there had been improvement to BVPI8 and that procedures now in place were more likely to highlight any concerning patterns that may arise with the Council's suppliers. Mandatory training courses for appropriate staff were now in place.

RESOLVED –

That the report and the lessons learned from the Select Recruitment Contract be noted.

**AC62**

**REFERENCE FROM ENVIRONMENT POLICY DEVELOPMENT COMMITTEE – 4 MARCH 2009 - EMERGENCY PLANNING**

At its meeting held on 4 March 2009, the Environment Policy Development Committee had considered a report on the Council's Emergency Planning arrangements, with particular reference to the recent adverse weather conditions experienced in Milton Keynes, including heavy snow and cold conditions.

The report had highlighted possible problem areas for the Council and the Environment Policy Development Committee requested assurance that the particular concern of adverse weather would be addressed in the event of a future recurrence.

RESOLVED –

That a report setting out a general overview of business continuity together with plans linked to the lessons learned during recent adverse weather conditions be brought back to a future meeting of the Committee.

**AC63**

**AUDIT ACCESS**

The Committee received a verbal update from the Head of Audit and Risk Management on progress in respect of access to information held by the Council's Partner Mouchel.

The Committee was informed that the Council and Mouchel had now agreed a way forward on two points:

- Access may be gained freely to an agreed range of data and if further investigation was required then further discussion would need to take place to negotiate access to wider information.
- An agreed protocol should be followed when applying to access information in respect of an investigation.

The Committee was concerned that the issue of full access to data under every potential circumstance had not been fully resolved.

RESOLVED –

That as a matter of urgency, the issue of access to any information held by Mouchel which was required to complete an investigation be considered by the Council's Corporate Leadership Team to agree a way forward in the event of further problems recurring.

THE CHAIR CLOSED THE MEETING AT 10.35 PM