



Minutes of the meeting of the AUDIT COMMITTEE held on TUESDAY 14 JANUARY 2014 at 7.00 pm

Present: Councillor Brackenbury (Chair)
Councillors S Burke, Jury, Long, McDonald and Miles (Substituting for Councillor Marland)

Independent Members: Mr I Farookhi

Officers: T Hannam (Corporate Director Resources), M Hodgson (Partnership Director [MKSP LLP]), L Baker (Head of Internal Audit), J Pryor (Assistant Director Public Realm Service Group), R Kingsley (Head of Transport), C Weir (HR Service Delivery Manager) and D Imbimbo (Committee Manager).

Apologies: Councillor Marland, Mr Preston, D Wilkinson and I Ali.

Also Present: M West (Ernst and Young [External Audit])

AC31 MINUTES

RESOLVED –

1. That the Minutes of the meeting of the Audit Committee held on 5 November 2013 be approved and signed by the Chair as a correct record.
2. to note that the request to submit comments in relation to Internal Audit and Committee engagement (AC29) was complied with

AC32 DISCLOSURE OF INTERESTS

None were made.

AC33 ACTION PLAN REVIEW – WOLVERTON STATION

The Committee considered a report in respect of the Action Plan Review for Wolverton Station. The Committee heard from the Head of Internal Audit that the Action Plan before the committee was that which had been circulated as requested at the Audit Committee meeting on 24 September 2013 and that the follow up review would be undertaken in the near future. The follow up report was to be presented to the Committee at its meeting in April 2014. Members were invited to identify any specific areas of concern that they required assurance on to ensure that they were covered in the follow up review.

Members heard from both the Head of Internal Audit and the Assistant Director Public Realm Service Group, that interim indications were that the lessons learnt in respect of tendering and contract management were being implemented, this was particularly of note in respect of the Highways contract that was a major contract which had been awarded since the publication of the Wolverton Station report. A project health-check had assessed the project to tender the contract as 'good'. Members heard that this had been brought about by consistently good project management including a reference group made up of a relevant cross section of services, working to a clear project plan.

The Chair expressed some concern that there remained areas within the Council that were still failing to take up all recommendations from the Wolverton Station audit report and referred to an example from a recent Cabinet Procurement Committee decision (relating to Brooklands School) where contract details appear to have been amended after approval by CPC. Members heard from the Head of Internal Audit that Internal Audit was looking into the matter and would report at a later date on any findings.

Cllr Long asked where he could access a copy of the report mentioned in point O3 of the Action Plan. The HoIA informed Members that they were available on the CMIS and offered to send the link to Members.

RESOLVED –

That the update be noted, and officers asked to focus on the category of "Tenders" in particular when carrying out the follow-up audit.

AC34

HIGHWAYS DATA PRESENTATION

The Committee received a presentation from the Assistant Director Public Realm Service Group and Head of Highways, explaining actions taken in the collection, collation and recording of data relating to Highways repairs and the systems being employed to address identified defects.

The Committee heard that the Public Realm Service Group had been undergoing a transition since April 2013 with objectives to improve service delivery, bring about efficiency savings and produce improved customer satisfaction.

To date a number of key targets had been met which included the removal of internal trading accounts, a restructuring of the Service Group and externalisation of operations for Landscape and Highways maintenance.

Members heard that Cabinet had approved the award of the Highways Term Service Contract in November 2013, this was due to commence on 27 April 2014

Members were given an explanation of the definitions applied to determine the nature of a defect to the Highway and the action that would be taken and timescales of taking those actions where the defects met the criteria and were thereby deemed to be of such a nature that they posed a safety risk.

Members heard that this improved system of identifying risks and prioritising repairs had seen a significant drop in insurance claims against the Council and that through the programme of repairs that had been adopted a more reactive approach could now be taken when matters were reported. Likewise follow up responses to those reporting defects was much improved leading to higher levels of customer satisfaction.

Members heard that the improved identification and classification system that had been identified for road defects had brought about an improvement in value for money, likewise the partnership entered into through the Highways contract with a single provider had resulted in major financial benefits in terms of value for money.

The Committee asked how many defects over 28 days were on the system. The Head of Highways confirmed that she would circulate this information to Committee members.

Members heard that, to date, £6m had been spent on Highways repairs and the service was confident that the full £10m allocation would be spent. The number of insurance claims relating to Highways defects in December 2013 was the lowest for any month since 2006.

Members sought assurances that weather, and in particular snowfall, had been taken account of in the approach to the maintenance schedule, The Committee heard from the Head of Highways that the installation of advanced weather stations in the town had resulted in a greater ability to plan work according to projected weather conditions, again resulting in good time and finance management of resources.

The Assistant Director Public Realm Service Group confirmed that he would send a copy of the presentation to all committee members.

RESOLVED –

1. That the presentation be noted.
2. That the categorisation strategy for defects and repair schedules be publicised on the Council's internet site.
3. That the Committee recommend to Overview and Scrutiny that a scrutiny of the Landscape contract and client side management of the contract be undertaken.
4. That a report be provided to Council by the chair to answer the queries they asked Audit Committee to look at.

AC35

REVIEW OF PERFORMANCE APPRAISAL - UPDATE

The Committee considered a report in respect of the review of performance appraisals and the actions planned in readiness for the performance appraisal cycle in 2014/15

Members heard that a number of updates to the online system have been scoped and would be implemented by IT in early January 2014. These included prompts requiring the manager and employee to consider governance issues and Internal Audit outcomes more specifically during the appraisal process.

The Committee was told that HR had undertaken a quality sampling of five percent of all online completed appraisals from 2013 and the results had been encouraging.

RESOLVED –

- 1. That the report be noted.
- 2. That the improvement in completion of appraisals be welcomed.

AC36

INTERNAL AUDIT PROGRESS PLAN

The Committee considered a report in respect of the Internal Audit Progress Plan.

Members heard from the Head of Internal Audit (HoIA) that as at 23rd December 2013 66 audits from the 2013/14 plan had been completed to draft or final stage (55% of the revised plan). An additional 20 audits carried forward and 16 pieces of unplanned work (including Investigations) had also been completed (totalling 102 audits completed between since 1st April 2013). 25 audits were currently in progress and 32 (25% of plan) had not yet been started. The Service are aiming to complete over 90% of the revised Plan by the end of April 2014. The Committee heard that the directorate had been experiencing staff shortages throughout the year which contributed significantly to the situation.

As a result of this it was proposed that that a small number of audits are 'slipped' from the last quarter of the 2013/14 plan to the first quarter of 14/15, mainly due to resource restraints both within service areas and within Internal Audit and ongoing. The audits of the governance of the Service Partnerships would be of more benefit if they were undertaken in the new council year when the MKSP service reviews had been completed and the MKDP senior management team was fully in place. In addition to those reported at annex D of the committee report it was also proposed that review of the Music Service was delayed until the completion of the service integration with Adult Continued Education and the major restructuring was finalised. Likewise it was suggested that the project health-check CMK Sports Facility be postponed as the project had stalled and the scope had not yet been agreed, Likewise the Community Asset Transfer Programme Audit be postponed. as this had not progressed as no properties had yet been transferred.

The HoIA told the committee that audits of the Commissioned Children's Centres and the verification of the Troubled Families grant had identified some areas of concern. The services are undertaking work to address the issues identified. The Committee requested a copy of the Commissioned Children's report to be circulated.

Members raised concerns regarding the findings of the attendance management audit and in particular the concerns raised in respect of the management of flexi-time and sickness absence recording. Members heard from the Corporate Director Resources and the Partnership Director [MKSP LLP] that the data was to a degree historical and that the introduction of the ESS/MSS system had resolved many of the previous areas of concern. The system was still in part in the roll out and integration stage in some services but was for the most part now embedded in the culture of the organisation. In respect of sickness recording the ESS/MSS project team had after considerable debate decided that the onus on sickness absence reporting would be put on supervisors rather than individuals to ensure that management systems were robust. The Committee heard that Internal Audit were currently undertaking an Audit of ESS/MSS and a copy of the report would be circulated to members once finalised.

RESOLVED –

1. That the report be noted
2. That the proposed cancellation/slipping of audits indicated be agreed, with the exception of the Community Asset Transfer Programme.
3. That the report on the Commissioned Children's Centres be circulated to Members

AC37

EXTERNAL AUDIT – PROGRESS REPORT

RESOLVED:-

That the time table for the External Audit function for the forthcoming year be noted.

THE CHAIR CLOSED THE MEETING AT 9:28 PM