

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 p.m. on 23 SEPTEMBER 2008**

Present: Councillor H S Rolfe – Chairman
Councillors S Barker, J E N Davey, A J Ketteridge, T P Knight,
J Salmon and P A Wilcock.

Also in attendance: Councillor R M Lemon.

Officers in attendance: R Auty (Head of Community Engagement), D Bradley (Interim Head of Finance), S Bronson (Audit Manager) T Cowper (Principal Accountant – Capital & Technical), A Knight (Principal Accountant – Services), J Mitchell (Chief Executive), A Webb (Interim Director of Central Services).

Also present: P E King and C Connolly (Audit Commission), Stephen Joyce (Prospective Chief Finance Officer).

PS23 WELCOME

The Chairman welcomed Stephen Joyce who had been appointed as Chief Finance Officer for the Uttlesford District Council.

PS24 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor M L Foley.

PS25 MINUTES

The minutes of the meeting held on 14 August 2008 were received, confirmed and signed by the Chairman as a correct record.

In answer to a question the Chief Executive explained that the Chairman and Directors would shortly be considering among other things styles of minuting.

PS26 BUSINESS ARISING/ACTION LIST UPDATE

(i) Items for the November meeting of the Committee

The following Committee actions were identified as needing to be referred to the November meeting of the Committee.

PS50 07/8 Section 106 agreements
PS74 07/8 Comprehensive Area Assessments
PS4 08/9 Asset management Page 1

PS10 08/9 Access to services
PS4 08/9 Draft Audit Inspection Plan
PS16 08/9 Finance and procurement module
PS18 08/9 Complaints – speed of responses; new forms
PS18 08/9 Complaints – number outstanding and recording methodology

(ii) Items for the February 09 meeting of the Committee

The following Committee actions were identified as needing to be referred to the February meeting of the Committee.

PS67ii 07/8 Supplementary opinion and audit plan – from Paul King

(iii) Items for the May 09 meeting of the Committee

The following Committee actions were identified as needing to be referred to the May meeting of the Committee.

PS4 08/9 Audit Commission – Housing Inspection

(iv) Column 4 Progress (%)

Members asked that in future Covalent action sheets the Progress (%) column be deleted but that the status icon column be expanded to provide more useful information on progress.

PS27

AUDIT COMMISSION COMMUNITY HOUSING INSPECTION

The Head of Housing Management presented her report on the Audit Commission Housing Inspection of the Council's community housing service in January 2008. Recommendations had been made by the Audit Commission following the inspection and had been approved by the Community Committee. The Head of Housing Management commented that the inspection had been a very difficult one but a valuable learning exercise particularly since some parts of the housing service sat in different parts of the Council. The majority of the corporate recommendations had been addressed ahead of most of the target dates for completion. Further, equalities impact assessments had been achieved ahead of comparable ones in the rest of the Council. She therefore felt that the exercise had been a useful one.

The Chairman commented that the recommendations seemed reasonable although he questioned how far pressure could be brought to bear on the private sector and was concerned to see so many targets together in December.

Paul King undertook to convey the content of the report to the team who had carried out the housing review and to clarify for the Head of Housing Management the audit follow up which could be expected in May. A discussion took place on items yet to be completed and the Chairman commented that

good progress had been made but that if it was anticipated there would be items outstanding in December negotiations should take place in advance with the Audit Commission.

The Interim Director of Central Services commented that, in the context of the objective R7 "Strengthened financial management", Finance had experienced problems with the staffing resources available to review the FIS, and timetabling was now seen as July 2009 at the earliest to complete all the identified tasks.

The Head of Housing Management informed the meeting that whilst there was a shortage of resources for disabled facilities grants, it was anticipated that the capital source might be able to be used for these.

Councillor P A Wilcock asked about provision of a service to the homeless in the light of the economic climate and the probability of foreclosures. The Head of Housing Management replied that staff training had already taken place in this field and work was being carried out with Springboard. She commented that the Government mortgage rescue package was not as simple or as generous as initially appeared and that advice from organisations such as the Citizens' Advice Bureau should be sought by those in difficulty.

In answer to a further question from Councillor Wilcock the Chief Executive said that the location of housing aspects in different locations within the Council did not mean that they could not operate as a whole. He felt the inspection had been unforgiving.

The Head of Housing Management informed the meeting that she had prepared a progress report on action taken pursuant to the Audit Commission recommendations. The Chairman asked that this progress report be circulated.

PS28

INTERNAL AUDIT REPORT – SIX MONTHLY UPDATE

The Committee considered the report of the Audit Manager on work carried out during the first six months of 2008/09 by Internal Audit.

It was noted that reports on the budget monitoring and reporting new systems and their operation would be made to the Senior Management Board in October and in January 2009 with a progress report to Committee in February 2009. A report would be brought to Committee in November on the progress of the creditors and VAT audit.

In answer to questions from Councillor S Barker the Audit Manager confirmed that she was planning a template annual governance statement for use in future years. As regards the question whether the Hub was providing value for money, this awaited the report of a consultant.

The Chairman of the Committee asked for a summary of the timetable regarding corporate income.

In answer to a question from Councillor Wilcock the Audit Manager confirmed that risk management was still being embedded so could not yet be assessed for success or otherwise. It would become necessary for all risks above a particular level to be reviewed automatically.

The Chairman of the Committee commented that there was a lack of communication between Performance Select Committee and the Risk Management Steering Group. The Chief Executive added that in the next year's Corporate Plan the need for simplification was stressed in connection with risk management and in particular as regard the risk management reporting processes. The Chairman of the Committee agreed to liaise with the Chairman of the Risk Management Steering Group as regards these matters.

RESOLVED that the Audit Manager's report be noted.

PS29

INTERNAL AUDIT REPORT –REVIEW OF IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Committee was advised by the Audit Manager about implementation of the recommendations made in Internal Audit reports in the year 2007/8. She informed them that a large proportion of the recommendations had been implemented, gave reasons and implementation dates for those which remained outstanding.

In answer to a question she confirmed that the recommendations regarding emergency planning would be the subject of an update to Committee after November, and the Interim Director of Central Services added that there would be an update to the November meeting regarding the Human Resources Review and necessary streamlining and simplification.

The Chairman asked that a standard item on implementation of internal audit recommendations be included on the Committee's agenda, to cover any aspect which was not proceeding to plan.

RESOLVED that the Audit Manager's report be noted.

PS30

CORPORATE RISK REGISTER REVIEW AND RISK MANAGEMENT UPDATE

The Committee received the report of the Audit Manager updating them on the Council's risk management arrangements and the Corporate Risk Register Review.

Members noted that the Strategic Management Board had reviewed 16 corporate risks with corporate risk appetite from 3 to 6 and over, and felt

the current situation was progressing improved or unchanged for these. The Risk Management Steering Group had reviewed a further 27 operational risks of levels above 6. The Chief Executive added that a full list of the examined risks could be brought to the Committee if Members wished to examine them.

In answer to a question the Interim Director of Central Services explained that the Human Resources risks would be updated in a report to the Finance and Administration Committee.

RESOLVED that the Audit Manager's report be noted.

PS31

REVIEW OF THE COUNCIL'S RISK MANAGEMENT STRATEGY

The Committee received the report of the Audit Manager updating them on the review and updating of the Council's Risk Management Strategy by the Risk Management Steering Group. A copy of the updated Strategy had been circulated with the agenda.

Councillor P Wilcock asked that a 15 minute presentation be made to the appropriate meeting of the Council to remind Members about the risk management process and what was involved in the embedding of the process. The Audit Manager said that relevant Members should be trained in risk management.

RESOLVED that the Audit Manager's report be noted and that she be thanked for the work which had gone into all the useful reports she had put before the meeting.

PS32

REVIEW OF INTERNAL AUDIT – AUDIT COMMISSION

The Committee received the draft report of the Audit Commission on their review of the Council's Internal Audit work, presented by Mr P King of the Audit Commission. The Chairman of the Committee stated that the Council accepted the recommendations made in the report and its appendix and it was agreed with Mr King that the implementation date should be brought forward to 31 December 2008.

In answer to a question by Councillor Barker it was confirmed that recommendations would be referred to Committee before implementation.

Paul King said that he would follow up the matter raised by Members of how contractors were told about the code of conduct.

In answer to a question from the Chairman of the Committee Paul King confirmed that he was content with the work which had been done by

the Internal Audit Department and the way it had been carried out.

RESOLVED that the Audit Commission's report and recommendations be noted and accepted.

PS33

RED FINANCE INDICATORS

The Committee received the report of the Interim Director of Central Services updating them on red finance budget monitoring indicators

He informed the meeting that many "reds" were the result of factoring in staff vacancy/other savings expectations as a continuing annual process despite staff reductions and shortages. Also, there was substantial pressure on waste management budgets, and a reduction in forecast land charges income due to the economic situation. Otherwise, "reds" were small; the whole budget profiling process was one of proactive awareness and prevention rather than fire fighting.

Paul King expressed approval of the questioning of variations and said that the reasons given and actions being taken in this matter were all positive.

RESOLVED that the report of the Interim Director of Central Services be noted.

PS34

UPERFORM UPDATE

The Chief Executive explained that the previous process of appraisals was being replaced by the UPerform process which was more relevant to jobs and performance and made it easier to appraise employees. The target was to achieve 100% by November.

RESOLVED that the Chief Executive's report be noted.

PS35

2007/8 FINAL ACCOUNTS AND ANNUAL GOVERNANCE

Paul King confirmed that the Audit Commission was not able to provide either the Final Accounts nor the Annual Governance report that evening. He said that the auditing of the accounts had taken longer than had been anticipated. Additional auditors had been brought in to assist with the audit testing. Paul King offered to give a verbal report and assured the meeting that the Audit Commission's opinion on the accounts would be available by 30 September 2008.

The Chairman said that in the absence of the accounts it was necessary for the meeting to be adjourned to the following Tuesday 30 September

2008 to enable the Audit Commission to submit its reports in time for the relevant deadline to be met.

The Leader of the Council thanked Mr King for attempting to meet the deadline and the Chairman of the Committee congratulated the Council's Finance Department for their timely and commendable response to a very challenging audit.

The Chairman adjourned the meeting at 9.15pm

The meeting was reconvened at Council Offices London Road Saffron Walden at 6.00 p.m. on 30 September 2008

Present: Councillor S Barker – In the Chair
Councillors J E N Davey, M L Foley, T P Knight, and P A Wilcock.

Also in attendance: Councillor J Cheetham.

Officers in attendance: R Auty (Head of Community Engagement), D Bradley (Interim Head of Finance) J Mitchell (Chief Executive), C Roberts (Democratic Services Officer), A Webb (Interim Director of Central Services).

Also present: P E King and C Connolly (Audit Commission)

PS36

APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor H Rolfe.

PS37

2007/8 FINAL ACCOUNTS AND ANNUAL GOVERNANCE

Councillor S Barker thanked Mr King and Ms Connolly from the Audit Commission for being present at the adjourned meeting and Mr King expressed appreciation for her kind words, adding that the Council's accounts had been finalised by the deadline which was a good reflection on the hard work of the Council's Finance Team.

The following documents were circulated at the meeting:-

Annual Governance Report – Uttlesford District Council – report of the Audit Commission
Statement of Accounts 2007/08 – Report of the Interim Director of Central Services
Statement of Accounts 2007/08

Paul King presented the Annual Governance Report, explaining that, subject to signature of the draft representation letter and inclusion in it of the Council's response to the matter of optional adjustments to the financial statements (VAT Suspense and NNDR income), the Commission planned to issue an unmodified report including an unqualified opinion on the financial statements. The value for money conclusion based on work on Use of Resources was to be a qualified conclusion due to historical matters which were being or had been addressed, and so the Audit Commission did not propose to exercise any formal audit powers in this regard.

Members questioned why the VAT and NNDR income items had not resulted in adjustments in previous years and Paul King explained that this was a result of carrying out a full audit which involved a more detailed substantive audit of the figures, rather than a risk based one as previously. In previous audits the Commission had been working to tolerances and these two items had not reached the material levels, hence had not been checked then.

The Interim Director of Central Services confirmed that a review of these two issues would be brought to Committee in January 2009, and that in view of the possibility of an additional member of staff at the end of October as extra resources, he hoped to submit an interim update too. He thanked the Audit Commission and particularly Paul King and Christine Connolly for their efforts to complete the audit to enable the accounts to be closed on time.

RESOLVED that the report of the Interim Director of Central Services, together with the Annual Governance Report of the Audit Commission and the Statement of Accounts for 2007/08 be approved and that the Interim Director of Central Services be authorised to sign the letter of representation on behalf of the Council.

PS38

STATEMENT OF ACCOUNTS 2007/08

The Committee considered the report of the Interim Director of Central Services, presented by the Interim Head of Finance, setting out the variations to the Statement of accounts carried out since the draft was submitted for audit, the issue of the District Auditor's unqualified Audit Opinion, the reasons for the changes and their effect on the balances.

It was noted that a forecast on the level of the Housing Revenue account together with all the Council's other reserves must be produced by the s151 Officer in February 2009 with a report on adequacy of levels of the balances, so that future demand could be considered.

RESOLVED that the revised Statement of the Accounts for

2007/08 be approved.

The meeting ended at 7.00 pm.