

AUDIT SUB-COMMITTEE

28th February 2007

PRESENT:-

Labour Group

Councillor Shepherd (Chair), Councillor Bell (Vice-Chair) and Councillor Lane.

Conservative Group

Councillors Atkin and Bladen.

AS/18. **MINUTES**

The Open Minutes of the Meeting held on 14th December 2006 were taken as read, approved as a true record and signed by the Chair.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/19. **AUDIT COMMISSION – PERFORMANCE MANAGEMENT – REVIEW OF PROGRESS**

The Sub-Committee considered the Audit Commission's Performance Management – Review of Progress report.

The Audit Commission, in its last Annual Audit and Inspection Letter in March 2006, had recommended that the Council develops further its performance management system to enable greater consistency of performance across services. A review was introduced which was designed to track progress, focusing on the following areas:

- Identifying whether there is a 'golden thread' of performance management running through the Council
- The impact of the Council's approach on priority performance indicators and targets
- The effectiveness of target setting
- Accountability, responsibilities and 'sign up' to the performance management framework by Members and senior managers
- Identification of good and poorer areas of implementation and the reasons for/barriers to success
- The views of partners on the Council's approach, especially in relation to the delivery of the Community Strategy

The Audit Commission's overall conclusions were positive and the following issues were highlighted:-

- 'The Council was making good progress in implementing a strong corporate approach to performance management...(which) sits within the context of a clear and succinct Corporate Plan...'

- ‘Councillors and senior officers were committed to performance management. The Council was taking positive steps to shift the culture of the organisation....’
- ‘Target setting was underpinned by clear principles and a systematic approach. An ambitious and challenging range of targets has been established...Significantly more targets in relation to all key indicators have been achieved in 2005/06 (compared to 2004/05)...’
- ‘The Council had defined its priorities...Most targets relating to priority areas were on target and actions have been identified for those that are not...’
- ‘Partners had a positive view of the Council...This strengthened the Council’s capacity to deliver against shared priorities and targets.’

The Commission also highlighted some specific areas for improvement, which included:-

- Implementation was more successful with middle to higher levels of staff and within frontline rather than back office services
- In some service areas, there was a lack of ‘buy in’ to performance management by line managers and staff
- Data for 2004/05 showed an ‘inconsistent’ picture of performance; and the 2005/06 (un-audited) data ‘showed a mixed picture of performance in relation to Best Value Performance Indicators’.

The Commission made the following recommendations to assist the Council in making further progress:-

- Improving communication with staff
- Continuing to ‘embed’ performance management throughout the organisation
- Developing a keener focus on outcomes and benefits to the community in monitoring reports
- Improving the presentation and content of Service Plans

The above recommendations had been built into an action plan which would be incorporated into Service Plans for delivery over the next year. The Finance and Management Committee considered a report on this matter at its Meeting on 19th February 2007 and endorsed the action plan.

Members expressed concern about the robustness of the arrangements for Staff Performance and Development Reviews and requested that action be taken to ensure that these were relevant for both staff and managers.

RESOLVED:-

- (1) That the Finance and Management Committee be recommended to request that the Improvement Panel takes further positive action in respect of the arrangements for Staff Performance and Development Reviews.***

- (2) That, subject to the request at (1) above the Sub Committee welcomes the approach taken by the Improvement Panel to Performance Management.**
- (3) That a report on progress with the implementation of Performance Management arrangements be submitted to the Sub-Committee in twelve months .**

AS/20. **LOCAL CODE OF CORPORATE GOVERNANCE – REVIEW OF SELF-ASSESSMENT**

Members considered a report on the Local Code of Corporate Governance-Review of Self Assessment arrangements undertaken by the Council.

The Council, at its Annual Meeting on 25th May 2006 had established this Sub-Committee to oversee the authority's Corporate Governance arrangements in relation to financial matters and to review and report progress on achieving the action points set out in the Local Code of Corporate Governance. A self-assessment grid was attached to the report, which reflected the following five dimensions identified in the Code:

- Community Focus
- Service Delivery
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

For each of the above five dimensions, the grid listed the following:-

- specific requirements under the Code
- the extent to which each of these requirements had been achieved
- action points still needed to achieve the requirements
- the dates by which the action points were to be done
- the lead officer for each action point

The review of the Self Assessment document as detailed at Annexe 'A' of the report demonstrated the progress made since the self-assessment exercise undertaken in August 2006.

The Sub Committee indicated that it would helpful to the public for an annual report to be produced in future which explains clearly the work of the Council and which details its performance.

Responding to questions from Members, the Sub Committee was advised as follows:-

- That Councillor Atkins would be advised whether there was a District Councillor appointed to the Local Area Agreement Executive and Board
- That in future, the ongoing items detailed in the Self Assessment section of the report would be more specific and that dates agreed for progress would be provided.

RESOLVED:-

- (1) That the Finance and Management Committee be requested to recommend to the Council as follows:**

- *That the progress made so far on achieving the Action Points set out in the Self Assessment of Performance, Local Code of Corporate Governance be noted*
- *That based on any available and relevant guidance an annual report be produced which explains clearly the work of the Council and its performance.*

(2) That the Head of Legal and Democratic Services be requested to submit a report on the progress made on achieving the Action Points set out in the Self Assessment of Performance, Local Code of Corporate Governance to a Meeting of the Sub Committee in the new municipal year 2007/08.

AS/21. **SUMMARY OF INTERNAL AUDIT REPORTS 2006/07 (DECEMBER-JANUARY)**

The Committee considered a report on a Summary of Internal Audit Reports for 2006/07. The report detailed audit work undertaken and summarised the recommendations characterised as high from audit reports. Following the request at the last Meeting, the report provided detailed information on the bank reconciliation process.

The Internal Audit Team carried out its work in accordance with the Council's Strategic Audit Plan. Recommendations were characterised, dependent on the degree of risk identified. Managers were requested to agree the recommendations and note that an implementation process was planned. A summary of reports, giving an assessment of internal control was submitted, this included follow up reports on:

- Main accounting system
- Bank reconciliation

Members were advised that there were no other reports which met the reporting criteria for consideration at this meeting of the Sub-Committee.

RESOLVED:-

- (1) That the content of the report, Summary of Internal Audit Reports 2006/07 be noted and that officers be requested to continue to monitor the bank reconciliation process.**
- (2) That an end of year report on the bank reconciliation process be submitted to the first meeting of the Sub-Committee in the new municipal year 2007/08.**

AS/22. **INTERNAL AUDIT ANNUAL WORK PLAN 2007/08**

The Sub-Committee considered a report on the detail of the Internal Audit Annual Work Plan 2007/08.

Internal Audit was an assurance function which provided the Council with an independent and objective opinion on the degree to which the control and governance environment supported and promoted the achievements of its objectives. Internal Audit objectively examined, evaluated and reported on the adequacy of the internal control environment which contributed to the proper, economic, efficient and effective use of resources.

The work of Internal Audit was planned to ensure that there was a reasonable coverage of all Council activities within the resources available. It was not possible to cover all activities within one year and therefore, a strategic planning process was used. The strategic audit planning process comprised: needs, risk and resource assessments which culminated in the development of a long-term plan. The strategic plan for the period 2006-2010 was attached at Appendix 'B' of the report. Members noted that the Finance and Management Committee had approved the current Strategic Audit Plan in April 2006 prior to the creation of this Sub-Committee.

Members were advised that the Strategic Plan was flexible due to its rolling nature and was reassessed each year in terms of its risk and content. The Annual Work Plan was derived from the Strategic Plan and was adjusted for slippage, investigation work, changing priorities or specific management requests. The Council's Corporate Management Team and Heads of Service were consulted on the Annual Plan and the Director of Corporate Services, as the Council's Responsible Officer, had agreed its content.

RESOLVED:-

That the Sub-Committee approves the Internal Audit Annual Work Plan for 2007/08.

D.G. SHEPHERD

CHAIR

The Meeting terminated at 7.05 p.m.