

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

Monday, 22 March 2010

**PRESENT:** Councillor Woods (Chair); Councillor De Cruz, Davies, Palethorpe and Yates and Meredith (for Wilson)

### 1. APOLOGIES

Apologies were received from Councillors J Lill and Wilson.

### 2. MINUTES

The minutes of the meeting held on 11<sup>th</sup> January 2010 were agreed as a true record.

### 3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

### 4. DECLARATIONS OF INTEREST

There were none.

### 5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

### 6. GROUNDS MAINTENANCE/WIDER RECOMMENDATION

The Head of Neighbourhood Environmental Services submitted a report and confirmed that under the new structure, property maintenance was managed by the Housing Department and they worked closely together to bring service improvements and in particular, the issue of Grounds Maintenance within housing estates.

The Head of Neighbourhood Environmental Services confirmed that when she came to post she had established a three year plan which had included areas for improvement to be identified, reviewed budget anomalies and set a budget reduction target within the first year. In the second year the Neighbourhood Model was to be developed and implemented and the third year was to review if the private sector could provide improved services at a reduced cost.

In response to a question from Councillor Palethorpe, the Head of Neighbourhood Environmental Services confirmed that they were in competitive dialog with five suppliers which would then be narrowed down. They would evaluate what the suppliers could deliver and how much for.

Councillor Woods commented that any problems with the services had to be resolved before they were outsourced. The Head of Neighbourhood Environmental Services confirmed that the process would be challenged and they would have an understanding of the cost of the service.

In response to a question from Councillor Palethorpe, the Head of Neighbourhood Environmental Services confirmed that they had paralleled the work at the same time as

looking for contractors as they had to prioritise the risk as there was a limited capacity value for money now, as well as in the future.

Councillor Woods requested evidence that the findings of the Internal Audit were related to Grounds Maintenance alone and the Head of Neighbourhood Environmental Services advised that the budget issues had been revised and the services had been examined line by line. This had showed that there had been no specific issues and other reports were available which confirmed this. She had been concerned about the Fuel Management and a report had been produced on this.

The Head of Neighbourhood Environmental Services advised that they would work with the Police on Operation Guardian in the parks over the coming months. There were a number of routes where they could redirect their staff to be visible in the area and help to reduce the rate of crime. They also wanted to work with the Landlords to tighten up the tenancies.

Councillor Meredith commented that the findings in year one required more detail. Improvements in the day-to-day performance had been made and customer complaints had been reduced although there was no indication of the level of complaints received.

The Head of Neighbourhood Environmental Services advised that year on year there had been improvements and targets that had been overachieved. There was room for improvement and more performance measures were required for grounds maintenance and parks. The workload was now more prioritised and the Neighbourhood Model would address where the priorities were.

In response to a question from Councillor Yates, the Head of Neighbourhood Environmental Services advised that seasonal booking clerks were required in the summertime and students or pensioners had been employed to take cash for tennis courts. They would be changing the way this worked which would mean that payments could be made via telephone and reduce seasonal workers and be cashless.

The Head of Neighbourhood Environmental Services advised that service plan was a live action plan and the completion dates for the items not started would be revisited. It would be built into the framework and negotiations would be made if more time was required.

**Resolved:- That the Action Plan be noted.**

## **7. ENVIRONMENTAL SERVICES BUDGET OPTIONS**

The Head of Neighbourhood Environmental Services submitted a report which outlined the savings plan for Neighbourhood Environmental Services. To achieve the savings plans and partnership would in total reduce the budget from £12.5 million to £8.15 million by the end of the next financial year in addition to the savings from the procurement.

**Resolved: That the report be noted.**

## **8. TREASURY STRATEGY**

The Finance Manager of Capital and Treasury submitted a report and advised that the Council and Cabinet reports were annexed. She confirmed that the treasury management was highly regulated and had statutory control under the Local Government Act 2003. The CIPFA Code of Practise required the Council to formally adopt the code and on the 25<sup>th</sup> February 2010 the Council agreed the documentation appended in the report. In light of the banking crisis stringent requirements were needed and the documents which were presented to Council incorporated those requirements.

The Audit Committee was required to carry out a scrutiny role and to review all the treasury management reports and make recommendations to Council. A timetable and processes for the future would be presented to the Committee in June 2010. It would also include an outline of the training programme and statutory duties that would have to be fulfilled.

In response to a question from Councillor Woods, the Finance Manager of Capital and Treasury confirmed that new treasury advisors would commence work on 1<sup>st</sup> April 2010 to provide up to the minute advice, credit ratings and how financially sound an institution was.

Councillor Woods understood that the Council now only invested money with UK banks which provided a UK Government guarantee. The Finance Manager confirmed this and that that the security of the capital was a fundamental driver above liquidity and return.

**Resolved: That the report be noted.**

## **9. RISK AND BUSINESS CONTINUITY**

The Director of Finance and Support submitted a report which provided an update on the progress of the business continuity management in the Authority. The Risk Management Strategy and the Risk and Business Continuity Management Handbook had undergone a review where significant changes had been and presented to Cabinet for approval. The key development included opportunities, guidance, aligned roles, responsibilities and reporting to the revised governance process. The 2009/10 Risk Management Strategy Action Plan introduced an assessment tool which would help manage processes for improvements and obtain a more independent view. It would provide a benchmark of the Council's current risk management capability and understand where improvements could be made.

In response to a question from Councillor Woods, the Director of Finance and Support confirmed that the Action Plan had been reviewed by Senior Management and it would be incorporated in the mini Audit. This process had not been used in the Authority before although there would be a quarterly review and the processes and issues would be highlighted. It would take time and the process would ease improvements as it progressed. It would be used as an incentive to actively encourage Heads of Service.

The Internal Auditor confirmed that they had used the model before and it was a good way to benchmark the Authority and to challenge and request evidence.

Councillor Palethorpe commented on the impact guidelines and the Constitution Working Party should be advised that the financial estimated cost figures had to be realistic.

Councillor Woods advised that there would be a degree of interpretation and estimation.

**Resolved: That the report be noted.**

## **10. CLIFTONVILLE POWER FAILURE**

The Facilities Manager and the Risk and Business Continuity Manager submitted a report which provided an overview of the circumstances surrounding the Cliftonville House Power Failure.

The Facilities Manager outlined the details of the incident which was presented in the report.

Councillor Woods was disappointed that the Central Networks report had not been conclusive enough.

The Risk and Business Continuity Manager advised that this incident had been a good opportunity to test business continuity plans and they focused on what went well and what did not in a number of debriefings after the incident. They also contacted Members and staff for feedback on their experience of the incident.

Councillor Yates commented that the report was excellent and was only disappointed in the electricity company who took so long to deliver a generator.

The Internal Auditor queried whether there should be tests carried out on substations next to the building and if there was third party insurance to be obtained. The Interim Risk Manager confirmed that technical advice was taken on the point and no further action was required.

The Internal Auditor confirmed that the report was excellent and had used the incident as an example to other Local Authorities when advising them on Business Continuity Plans.

**Resolved:- That the report be noted and that staff be congratulated on their actions during a live incident.**

## **11. INTERNAL AUDIT UPDATE**

The Internal Auditor submitted a report to the summarising the progress made against the approved internal audit plans and a draft plan for 2010/11. He outlined the details in the report and confirmed that the operational report was in draft form at present and a final would be submitted once the management responses were received.

The Director of Finance and Support confirmed that some of the actions had not been completed and the managers had been actively pursued. The correct owner of the actions had been allocated in Team Central and the issues would be reviewed.

Councillor Woods commented that a decision to end the use of the UNICLASS system had been taken in 2007 and expressed concern that it had not yet been implemented. He noted, however, that while it was still in use the rectification of issues remained a priority. It was not adequate to say that the authority was replacing the system so poor performance would be tolerated.

The Internal Auditor advised that they could not give a worse opinion than no assurance and the issue had been with the system itself and an interim control should be in place. He confirmed that there had been some improvement since last year and the customer service was very good although there were problems with in house systems working together.

Councillor Woods confirmed the Committee would require reports on both of them at the next meeting.

The Internal Auditor confirmed in appendix two of the report there was a summary of the recommendations made. Whilst there were still a number of issues in many instances there had been an improvement. The Team Central summary had many actions implemented and needed to be closed off although eight issues were overdue and needed to be implemented. They had proposed to ensure all of the 08/09 issues were closed off and move forward with 09/10. While most of the 08/09 actions had been implemented they still had to be double checked and verified.

The Director of Finance and Support confirmed that if the outstanding actions from 08/09 were still relevant then it was still key that they would be delivered. Time limits would be imposed on the delivery of the recommendations to ensure they were delivered within six months and the high-risk actions by a month.

Cllr Woods suggested that, as a general rule, any internal audit report with a judgement of no or limited assurance would be considered by the Audit Committee in the future and that other reports could be considered if the committee thought it appropriate.

**Resolved: That the report be received.**

The meeting concluded at 20.36