

**COUNCIL RESOURCES
OVERVIEW AND SCRUTINY COMMISSION
HELD ON 31 OCTOBER 2005
(FROM 5.30 PM TO 6.55 PM)**

PRESENT: Councillor Andrew Jones in the Chair. Councillors Broadbank, Clark, Harrison, Hawkins, Hinchcliffe and Phillips.

Late Arrivals: Councillor Harrison at 5.55 pm.

Early Departures: None.

38/05 - **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:**
Apologies for absence had been received from Councillors Fox and Powell.

(5.30 pm)

39/05 - **DECLARATIONS OF INTEREST:** There were no declarations of interest.

(5.30 pm)

40/05 - **MINUTES:**

RESOLVED:

That the Minutes of the meeting of the Council Resources Commission held on 19 September 2005 be approved as a correct record and signed by the Chair.

(Four Members voted for the motion and there were two abstentions).

(5.31 pm)

(D)

41/05 - **EXEMPT INFORMATION:** There were no exempt information items.

(5.32 pm)

42/05 - **PUBLIC ARRANGEMENTS – QUESTIONS:** There were no questions to consider.

(5.33 pm)

SCRUTINY CONSULTATION

43/05 - **FEEDBACK FROM CABINET – 21 SEPTEMBER 2005 – ON ISSUES AFFECTING THE COMMISSION:** The Senior Member Services Officer submitted a written report which set out feedback from the Cabinet meeting of 21 September 2005. The Cabinet had considered three issues which fell within the

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remit of the Resources Commission, the Medium Term Financial Strategy/Strategic Plan 2005/08, Major Construction Schemes – Project Management Code of Practice and CPA 2005 – A Value for Money Self-Assessment. Attached as an appendix to the report were extracts from Cabinet Minutes of 21 September 2005 in relation to each.

The Chair of the Resources Commission, Councillor Andrew Jones had attended the Cabinet meeting on 21 September 2005 and advised that his impression of the meeting was that Cabinet were pleased and grateful for the work undertaken by the Resources Commission. In addition, the Executive Director, Corporate Policy and Improvement, advised that Cabinet had been very complimentary about the quality and positivity of the work undertaken.

Although no formal vote was taken in this regard, it was **agreed** that the report in relation to these three issues was received and noted.

(6.30 pm – 6.34 pm)

44/05 - **DIVERSITY FRAMEWORK GROUP NOMINATIONS:** Further to the agreement of the Scrutiny Coordinating Board and previous requests from the Scrutiny Officer, the Commission were invited to consider the nomination of a Council Resources Overview and Scrutiny member to represent the Commission at meetings of the Diversity Framework Group. The Executive Director, Corporate Policy and Improvement advised as to the constitution of the Group. Councillor Phillips volunteered to represent the Commission at meetings of the Group and was therefore nominated onto the Diversity Framework Group and that was **agreed**.

It was also **agreed** that due to the nature of the work and the need for a consistent membership, no substitute Members should be appointed by the Commission for their nominated representative.

(6.34 pm – 6.40 pm)

45/05 - **AUDIT COMMITTEE TRAINING PRESENTATION:** The Chair introduced the Audit Manager and Corporate Improvement Officer (Governance), who had each attended the Commission meeting to deliver training presentations in relation to the work of Audit Committees. The Corporate Improvement Officer (Governance) delivered a presentation in relation to Audit Committees providing an overview of the role and scope in this regard before handing over to the Audit Manager who discussed Audit Committees and Internal Audit with the Commission in greater depth.

In relation to the first presentation by the Corporate Improvement Officer (Governance), Members were provided with an introduction to the work of Audit Committees and advised of the statutory background leading to the requirement for such bodies. The Officer also referred to a number of key definitions which Audit Committee Members would become familiar with, together with steps which could be observed in relation to internal control, roles and responsibilities of the Committee, its key aspects, purpose, features, core functions and its scope. The Officer also referred to certain key Officers that would become regular attendees at Audit

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Committee meetings, and concluded by referring to a training programme for Audit Committee Members, one aspect of which would be covered by the Audit Manager in the following presentation.

The Chair invited Members to table questions in that regard. It was anticipated that future guidance would recommend the establishment of a separate Audit Committee, however, for the time being, the Audit Committee existed as a function of the Resources Commission.

It was suggested that perhaps the training modules set out in the presentation to be received by Audit Committee Members should also be made available to Members (including Chair and Vice-Chair) of the General Purposes Committee on the basis that the authority to approve the "Statement of Internal Control" had been delegated to that Committee. It was also suggested that the past Committee system had significant advantages when compared to the new Scrutiny system in terms of Corporate Governance in as far as a Finance Committee constituted specifically for that purpose would in the past have comprised Members with specialised knowledge and experience which could be brought to bear on issues which fell within their remit. It was considered that under the new system of local government, it was at the present time difficult for Members to build up specific knowledge and/or experience on the basis of their new and wider remit. It was anticipated that training and experience in the new Audit Committee role would help in this regard.

It was also suggested that perhaps Commission Members should meet Audit Commission Officers twice a year – once in its Audit Committee role when the Audit Commission was planning work for the forthcoming year and once again when the Audit Management Letter was presented to the Council. It was noted that the Audit Management Letter was normally presented to the Authority in the December following the previous financial year-end. However, the next Management Letter would be later than this to take into account the Audit Commission's opinions on the use of Resources' and key lines of Inquiry for the Authority. An interim Management Letter would be produced in the meantime. Members expressed concern that issues of any note should be brought to the attention of the Chair as soon as feasibly possible, so that a decision could be taken whether or not to inform Members accordingly or take other action. It was noted that liaison between Officers and the Chair of the Commission would take place, and the Commission would have the opportunity to consider areas of risk when appropriate Corporate Governance reports were considered by the Audit Commission.

The Chair then invited the Audit Manager to deliver the presentation in relation to the work of Internal Audit. The Audit Manager referred to the broad remit of the Internal Audit Section and its role and provided a more formal definition in relation thereto together with the origin of that Section's authority in terms of the Local Government Act 1972 and Accounts and Audit Regulations 2003. The Audit Manager referred to the "proper internal audit practices", referred to in the Regulations and indicated that these were set out in a Code of Practice for Internal Audit. The Audit Manager then referred to the work of the Internal Audit Section in more detail in terms of responsibility and types of work undertaken during the course of the municipal year. Members were then referred to the role of the Audit Committee and areas that Members of that Committee may wish to address during their work. The Audit

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Manager then concluded by referring to the current reporting arrangements for Internal Audit to the Audit Committee which required two reports per year to the Committee that currently were reported in December/January and June/July.

The Audit Manager then invited Members' questions. Councillor Hawkins expressed concern regarding the level of experience required for Members of an Audit Committee and the difficulties for Members in acquiring such experience. It was agreed that there were advantages in comprising a Committee of Members with differing backgrounds and areas of expertise. It was noted that the Resources Commission and therefore the Audit Committee would have the ability to co-opt or bring on board individuals with specialised experience and knowledge as and when required. This was considered particularly pertinent when considering issues, for example, relation to Information Technology and/or project management.

In relation to the membership of the Audit Committee, training and skills were considered to be important for those Members wishing to serve, and therefore it was considered important to invite Committee Members and substitutes to any training courses offered and at the same time maintain a core membership. It was considered important to urge Group Members to be mindful of the need to maintain consistent memberships year on year.

Councillor Hawkins then queried the Council's whistleblowing policy and whether it was considered sufficient when encouraging staff to raise the alarm in confidence. The Executive Director, Corporate Policy and Improvement advised that the whistleblowing policy was highlighted during the Council's Induction process and featured as part of employee's terms and conditions of employment. There was also reference to the Council's policy on the Council's Intranet, and indeed, the Audit Manager had undertaken to remind staff of its existence and whereabouts. It was considered that the policy worked well.

The Chair then thanked the Audit Manager and Corporate Improvement Officer for their time and presentations.

(5.33 pm – 6.30 pm)

MATTERS HOLDING EXECUTIVE TO ACCOUNT

46/05 - **FORWARD PLAN OF KEY DECISIONS:** It was noted that there were no Forward Plan of Key Decisions to be reported to the Commission.

(6.40 pm)

47/05 - **CABINET AND CABINET MEMBER DECISIONS:** Councillor Broadbank referred to item 16 in relation to the Pension Fund and the difficulties he had experienced in comprehending the report in that regard. Councillor Broadbank made the point that ordinary Members would struggle to understand the subject matter, and it was agreed that perhaps this message ought to be conveyed to the author, expressing Members' concern regarding the need for clarity when reporting such complicated issues.

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Councillor Broadbank also referred to decision number 5 regarding the General Fund Revenue monitoring and advised Members of the Commission that this was perhaps an issue which required careful monitoring on their part in the meantime. Members considered whether or not to request regular monitoring reports to be presented to the Commission, however, it was agreed that for the time being, the Commission could rely upon the Cabinet Member reports which could be made available to all Members.

(6.40 pm – 6.45 pm)

SCRUTINY MATTERS AND REVIEWS UNDERTAKEN BY THE COMMISSION

48/05 - REQUEST FOR INCLUSION OF ITEMS IN FUTURE WORK

PROGRAMME: The Chair invited Members to advise of any issues which they would wish to see included in the Commission's future work programme.

The Scrutiny Officer referred to the work of the Resources Commission Recruitment and Retention Panel, and the specific delays in addressing this particular piece of work. The Scrutiny Officer then circulated a briefing note in that regard, and referred to the re-prioritisation of existing work to identify an achievable programme to progress the work of the Panel. It was noted the staff opinion survey had been considered to have been a success and would be repeated every three years, and had raised a number of issues which Departments had now addressed. He also emphasised the need to consider the work programme for the Audit Committee role of the Commission and that he would liaise with the Chairman in relation to this.

(6.45 pm – 6.55 pm)