

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 26 September 2012 at the Civic Suite, Town Hall, Runcorn

Present: Councillors M Lloyd Jones (Vice-Chairman), Cole, Fry, Lea, McDermott, Macmanus, N.Plumpton Walsh, Roberts and Ratcliffe

Apologies for Absence: Councillors A. Lowe and Wainwright

Absence declared on Council business: None

Officers present: S. Baker, E. Dawson, M. Murphy, I. Leivesley, M. Simpson and C. Williams. Mike Thomas attended the meeting at 6.40pm.

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

BEB7 MINUTES

The Minutes of the meeting held on 29 June 2012 were taken as read and signed as a correct record.

BEB8 WORK PLAN - CONTRACT REVIEW DUTIES

The Board considered a report of the Strategic Director, Policy and Resources which set out the work plan in relation to the Board's additional responsibility in relation to the Council's contractual arrangements.

It was reported that the Board had had 2 Seminars to discuss and consider how it might fulfil its new power and duty. It was proposed that the task be undertaken in 2 ways. The first was to undertake a review of the Council's Procurement Strategy. It was further noted that in undertaking that review the Board should have regard to the CIPFA Guidance which sets out the number of ways in which the audit committee would review the effectiveness of the organisation's management of its procurement and commissioning risks.

The Board was advised that the proposed second piece of work the Board would undertake was the review of

the contract process followed under EU Procurement Legislation. It had been proposed that the Board split into two working groups to undertake this work. Details of membership was set out in the report for information.

It was reported that each group would then review a full EU compliant contract in order to undertake a "Cradle to Grave" review. The proposed contracts to be looked at were set out in the report for information. It was noted that the Domiciliary Care contract had been changed to Waste Management.

It was further noted that regular reports from both of the groups would be brought to the Board presenting progress and observations.

RESOLVED: That the Board agree to the arrangements and work plan set out in the report.

BEB9 APPOINTMENT OF EXTERNAL AUDITOR

The Board received a report of the Operational Director, Finance which provided Members with confirmation of the appointment of the new external auditor.

The Board had previously been informed about the Department for Communities and Local Government (DCLG) ministerial decision to transfer the work of the Audit Commission's in-house Audit Practice to the private sector by outsourcing the work through a procurement exercise.

It was noted that on the 16 April the Audit Commission wrote to the Council to consult about the proposal to appoint Grant Thornton UK LLP as external auditor to the Council. The consultation period had now ended and the Audit Commission had confirmed the appointment in a letter to the Council dated 31 July, which was appended to the report for information.

Members were advised that the appointment would commence on 1 September 2012 and was for a period of five years. At the end of that period the Council would be able to make the appointment of external auditor itself.

It was further noted that any work relating to the 2011/12 audit and prior years' audits that remain outstanding by 31 October 2012 would be completed by the new external auditor.

Arising from the report Members queried who would

bear the costs of work not completed by the 31 October 2012. In response it was noted that the work was expected to be finished by that date and there should not be any outstanding work transferring over.

The Board noted that the current external audit team would be TUPEd across on 1st November and that Grant Thornton were committed to ensuring audit staff continuity as far as possible.

RESOLVED: That the Board notes that Grant Thornton UK LLP has been appointed as external audit to audit the accounts of the Council for 5 years from 2012/13.

BEB10 COUNTER FRAUD MEASURES – UPDATE

The Board considered a report of the Strategic Director, Policy and Resources which provided an update with details of developments in respect of the Council's counter fraud and corruption arrangements.

It was reported that the Council had a well-established framework of policies, procedures and functions that collectively helped to manage the risk of fraud and corruption. Key elements of the framework were set out in the report for information.

It was noted that the Council routinely benchmarked its counter fraud framework against best practice and work was currently being undertaken to assess the Council's arrangements against the recommendations set out in the recent publication 'Fighting Fraud Locally: The Local Government Fraud Strategy'. The document intended to provide a blueprint for a tougher response to tackle fraud across local government.

The Board was advised that the key message was to adopt a tougher approach to tackling fraud organised around three themes as follows:

- knowledge;
- prevent; and
- pursue.

The report identified the key fraud risks faced by local authorities which were set out in the report for information.

Members were provided with information regarding the Benefits Investigation Unit (BIS), Single Fraud Initiative Service (SFIS), National Fraud Initiative and Regulation of

Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012. It was noted that this Order meant that local authorities would only be able to use authorised directed surveillance to prevent or detect crime that was punishable by a maximum term of at least 6 months or imprisonment.

The Board discussed the report and noted the following:

- referrals came from the fraud hotline, DWP matching and various other sources;
- when Council staff were transferred to SFIS, it was still being agreed whether they would receive pay and pension;
- approximately 25% of the referrals had either had cautions and penalties issued and some had been referred to court;

Members queried why all referrals hadn't been investigated. In response it was noted that a team of 4 were responsible for this task and had not managed it during the year. However the remaining referrals would be investigated in the near future.

RESOLVED: That the Board note the update on the Council's counter fraud and corruption arrangements.

BEB11 ANNUAL GOVERNANCE STATEMENT 2011/12

The Board received a report of the Strategic Director, Policy and Resources which enabled Members to consider and approve the Annual Governance Statement for 2011/12.

It was reported that under the Accounts and Audit Regulations 2011 the Council had to produce an Annual Governance Statement (AGS), in a format recommended by CIPFA/SOLACE, to accompany the Statement of Accounts.

It was noted that the intention of the AGS was to identify any areas where the Council's governance arrangements were not in line with best practice or were not working effectively, together with action plans for improvement.

Members were advised that the Council's Constitution delegated the responsibility to review and approve the AGS to the Business Efficiency Board. Once approved the AGS was signed by the Council Leader and Chief Executive and was published on the Council's website.

It was reported that in preparing the AGS, assurances had been considered from a number of sources which were set out in the report for information.

Appended to the report for information was the 2011/12 draft AGS and a Development Plan that set out the actions agreed to further develop the Council's governance framework.

The Board was advised of two slight changes to the Scope of Responsibility. The first one made clear the role of the Operational Director, Finance as Section 151 Officer and the second informed the Board that both the Section 151 Officer and the Operational Director, Legal & Democratic Services as Monitoring Officer, were members of the Council's Management Team and had direct access to the Chief Executive outside of the Management Team arrangements.

In relation to 3.3 e, the report set out arrangements to ensure that members and employees were not influenced by prejudice, bias or conflicts of interest, the Board suggested that further information regarding third party interests be added to the new Members induction and further guidance be issued to existing Members.

RESOLVED: That the Council Annual Governance Statement be approved.

BEB12 AUDIT COMMISSION UPDATE REPORT

The Board considered a report of the Operational Director, Finance which enabled the Audit Commission to update the Board in regards to the following:

- progress made in delivering their responsibilities as the Council's external auditors;
- the externalisation of the Audit Practice; and
- key emerging national issues and developments.

The report set out external audit's progress on their 2011/12 financial statements and value for money conclusion work. Other issues highlighted for information included the Whole of Government Accounts (WGA), grant claims and returns, audit appointment from 2012/13, audit fees for 2012/13, audit commission senior appointments, and other matters of interest.

Members were further advised that two grant claims

had been certified to date and work on the Housing Benefit Subsidy and transport claims were in progress. The Board was advised that it was anticipated that both claims would be certified by the end of October 2012.

Members sought clarification around what the overall view of the financial position was. In response it was noted that there were a number of financial challenges, however the District Auditor was confident that adequate arrangements were in place to ensure success.

RESOLVED: The Audit Committee update be received.

BEB13 2011/12 ABSTRACT OF ACCOUNTS, ANNUAL GOVERNANCE REPORT AND LETTER OF REPRESENTATION

The Board received a report of the Operational Director, Finance which sought approval of the Abstract of Accounts and set out the Audit Commission's 2011/12 Annual Governance Report and requested approval of the Council's Letter of Representation.

Members were informed of the Abstract of Accounts, which detailed the Council's financial performance for the year in terms of revenue and capital spending and presented the year-end financial position as reflected in the balance sheet.

It was reported that the Abstract for 2011/12 had for the second year been prepared in full compliance with International Financial Reporting Standards (IFRS) and as a result there had been relatively few changes in the format from last year.

The report set out key sections within the Abstract and it was noted that in overall net terms the Council had underspent its 2011/12 revenue budget by £198,000. The overall outturn report was presented to Executive Board and departmental outturn reports were available on the Council's Intranet. The Board was advised that as a result the Council's General Fund Balance would increase by £198,000 to £7,565.00.

Arising from discussion of the report Members noted the increase of £1.8m in school balances to £9.8m. In response it was noted that there had been a recent change and the School Forum had the power to claw back school balances.

The Board raised concerns with regards to future changes in Council Tax Benefit as part of the Welfare Reforms which will be introduced from April 2013.

The District Auditor presented the Annual Governance Report which summarised the findings from the 2011/12 external audit.

The Board wished to place on record their thanks to Mike Thomas and Colette Williams from the Audit Commission for the audit and also to Ed Dawson and his team for all the work carried out in producing the Abstract.

RESOLVED: That

- 1) the Letter of Representation in Appendix 1 be approved;
- 2) the Audit Commission's 2011/12 Annual Governance Report in Appendix 2 be received; and
- 3) the Council's Abstract of Accounts be approved.

BEB14 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

The Board considered:

- 1) Whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- 2) Whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighed that in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

BEB15 INTERNAL AUDIT PROGRESS REPORT - QTR 1
(2012/13)

The Board considered a report of the Operational Director, Finance which provided a summary of internal audit work completed since the last progress report.

The report set out key issues and recommendations and results from the work undertaken following up the implementation of previous internal audit recommendations.

RESOLVED: That the Internal Audit work completed for the quarter be received.

Meeting ended at 8.15 p.m.