

ACCOUNTS AND REGULATORY COMMITTEE

30 JUNE 2009

Present :- Councillor Dennis Willetts (Chairman)
Councillors Wyn Foster, Martin Goss,
Dave Harris, Jackie Maclean, Jon Manning,
Gerard Oxford and Nick Taylor

Substitute Members :- Councillor Ray Gamble
for Councillor Theresa Higgins
Councillor Nick Barlow for Councillor Lesley Scott-
Boutell

3. Minutes

The minute of the meeting of the 21 October 2008 was confirmed as a correct record.

The minute of the meeting of the 20 May 2009 was confirmed as a correct record.

4. Have Your Say!

Mr. Cornes addressed the panel to speak about the VAF project. Mr. Cornes said the VAF project was well into the fourth year of construction but still had no end date or final cost in sight. Banner Holdings contract had been terminated and the contract with QS consultant Turner and Townsend we were told, was to be ended shortly.

Mr. Cornes said he had heard Mace is set to be appointed to organise and complete the VAF and that they would be paid up to £72,000 to identify what needs to be done to complete both the outside and interior to the building and how much they think the cost of all works would be, then the Council, he understood would think it would be sensible to let them complete the building. Mr. Cornes said you do not appoint a company to identify what work needs to be done and then hand them the work, you may as well hand them an open cheque. Mace build to make money and will not take on the VAF out of kindness. He believed every item of work carried out on the VAF to date must be known as it has been paid for via the Bill of Quantities and the work outstanding in the same bill is what is left to be done. If this is not the case what has the architect, Adams Kara Taylor, Turner and Townsend and other professionals and Council officers been up to.

Mr. Cornes said this would explain why so much taxpayers money has been frittered away and asked whether anyone has been at the helm or controlling the work on site. This project has cost millions of pounds to date and no one

knows what work still remains to be completed. This just beggars belief. Mr. Cornes urged the Council to stop the work now before costs escalate even more, engage a legal firm that deals with construction claims to pursue claims against those not performing to contractual requirements and consider other uses for the building.

Mr. Cornes briefly explained what he believed to be the proper way to conduct the contract tender process for a medium size contract such as the VAF and the benefits to offering incentives to the contractor(s) to complete works ahead of schedule. Mr. Cornes concluded by saying with the Members of Parliament's expenses now being published, it was now the time for this Council to publish all documents relating to the VAF, for all to view and to come clean about this financial disaster.

5. 2007/08 Annual Audit and Inspection Letter

Mr. Paul King, District Auditor, attended the meeting for the following item.

Mr. King introduced the report on the 2007-08 Annual Audit and Inspection Letter. Mr. King drew the member's attention to the key messages (page 3 of the document) and specifically to key message number 4 and comments about the visual art centre project by Mr. Geoff Benrose of the Audit Commission, this in reference to the comments by the previous speaker.

In response to Councillor Willetts, Mr. King said the 2009-10 audit fee had increased by 1.25%, and whilst this was above the very low rate of inflation the fee proposed is 11 per cent below the scale fee.

RESOLVED that the Committee noted the 2007-09 Annual Audit and Inspection Letter, the Annual Audit Fee 2009-10 and Annual Inspection Letter 2009-10.

6. Review of the Governance Framework and Draft Annual Governance Statement

Ms. Hayley McGrath, Risk and Resilience Manager, attended the meeting for this item and introduced the report 'A Review of Governance Framework and Draft Annual Governance Statement'.

In response to Councillor Harris, Ms. McGrath said there is a cross pollination of suggestions and improvements across departments, officers and members where the issues are generic, for example, password access on all Council

systems.

In response to Councillor Taylor, Ms. Ann Wain, Executive Director said the Head of Corporate Management had been tasked with considering ways to strengthen the Council's project management processes. Ms. McGrath confirmed that the Strategic Risk Register monitors all project issues.

Ms. McGrath confirmed to Councillor Foster that a six monthly progress report would be forthcoming this year that would enable an opportunity to monitor and evaluate previous issues.

Councillor Willetts thanked Councillor Dopson, Portfolio Holder for Performance and Partnerships for her suggestion that this was a good opportunity for scrutiny to consider how best to imbed the six principles of good governance into the thoughts of all members and the decision making process.

RESOLVED that the Committee:

- i) Considered and noted the review of the Council's compliance with the six principles of good governance including the review of effectiveness of the internal control arrangements.
- ii) Approved the Annual Governance Statement for 2008-09.

7. To approve the Draft Statement of Accounts

Mr. Steve Heath, Finance Manager, attended the meeting for this item and introduced the report 'Draft Statement of Accounts 2008-09'.

Mr. Heath responded to Councillors Gamble and Taylor in reference to the Council's Icelandic Banks Investments saying impairment to the statement of accounts was based on a 95 per cent return on investment, this based on CIPFA (Chartered Institute of Public Finance) guidance to presume a 90 – 100 per cent return, though as with all investments, there was a risk.

In response to Councillor Willetts, Mr. Heath confirmed that whilst the Councils accounts indicate their share of assets and liabilities of the overall pension fund showed a deficit of £51.93 million, officers were confident that the arrangements for pension funds are sound.

RESOLVED that the Committee:

i) Considered the report and supporting information, and approved the pre-audit Statement of Accounts for 2008-09.

8. 2008-09 External Audit report

Ms. Elfreda Walker, Finance Manager, attended the meeting for this item and introduced the '2008-09 External Audit' report.

RESOLVED that the Committee:

i) Commented upon, and noted the External Audit (Audit Commission) activity to date.

9. 2008-09 Internal Audit Report

Ms. Elfreda Walker, Finance Manager, attended the meeting for this item and introduced the '2008-09 Internal Audit' report.

Ms. Walker confirmed to Councillor Willetts that the final outcome to the recommendation of audit 319 Purchasing Cards, was an issue about the way the checks were being undertaken, rather than there were no checks at all, and the end result of the current arrangements was the same. Mr. Charles Warboys, Head of Resource Management confirmed that there was not an issue with this audit, spot checks are undertaken and he was content with the current arrangements.

In response to Councillor Harris, Ms. Walker confirmed that whilst the table of Key Performance Indicators show only 50 per cent of Priority 1 recommendations being implemented this only represented one recommendation of two overall recommendations, and the second recommendation was currently in the implementation stage. Mr. Warboys confirmed that showing the actual position in this way was in line with the Council's approach to improved transparency.

In regards to Audit 325, Sickness Absence, Ms. Wain confirmed to Councillor Gamble that personal development plans for staff with management responsibilities would be available where needed, pointing out that the current new arrangements to address previous poor sickness records had resulted in a quite significant improvement to performance results.

RESOLVED that the Committee:

i) Commented upon, and noted the Council's performance relating to:

- Performance of internal audit by reference to national best practice benchmarks;
- Executing the Internal Audit plan for 2008-09;
- Status of outstanding recommendations as at 31 March 2009.