

Accounts and Regulatory Committee

Grand Jury Room, Town Hall
30 June 2009 at 6.00pm

This committee deals with

items such as the approval of the Council's Statement of Accounts, hearing and determining all appeals by employees relating to dismissal, and makes recommendations to the Council on functions such as Health and Safety and Elections.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at www.colchester.gov.uk.

Private Sessions

Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

Mobile phones, pagers, cameras, audio recorders

Please ensure that all mobile phones and pagers are turned off before the meeting begins and note that photography or audio recording is not permitted.

Access

There is wheelchair access to the Town Hall from West Stockwell Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call, and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets are located on the second floor of the Town Hall, access via the lift. A vending machine selling hot and cold drinks is located on the ground floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Colchester Borough Council, Angel Court, High Street, Colchester
telephone (01206) 282222 or
textphone 18001 followed by the full number that you wish to call
e-mail: democratic.services@colchester.gov.uk
www.colchester.gov.uk

COLCHESTER BOROUGH COUNCIL
ACCOUNTS AND REGULATORY COMMITTEE
30 June 2009 at 6:00pm

Members

Chairman : Councillor Dennis Willetts.
Deputy Chairman : Councillor Christopher Arnold.
Councillors Dave Harris, Gerard Oxford, Wyn Foster,
Martin Goss, Theresa Higgins, Jackie Maclean, Jon Manning,
Lesley Scott-Boutell and Nick Taylor.

Substitute Members : All members of the Council who are not Cabinet members or members of this Panel

Agenda - Part A

(open to the public including the media)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

Pages

1. Welcome and Announcements

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched to off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3. Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any personal

interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

5. Minutes

1 - 2

To confirm as a correct record the minutes of the meeting held on 21 October 2008 and 20 May 2009.

6. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

7. 2007/08 Annual Audit and Inspection Letter

3 - 26

Please see report from the Scrutiny Officer.

8. Review of the Governance Framework and Draft Annual Governance Statement **27 - 44**

See report from the Head of Resource Management.

9. To approve the Draft Statement of Accounts

A draft copy of the Draft Statement of Accounts will be available at the committee meeting.

10. 2008-09 External Audit report **45 - 49**

See report from the Head of Resource Management.

11. 2008-09 Internal Audit Report **50 - 66**

See report from the Head of Resource Management.

12. Exclusion of the public

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

ACCOUNTS AND REGULATORY COMMITTEE

20 MAY 2009

Present:- Councillors Arnold, Foster, Goss, Harris, T Higgins, Maclean, Manning, G.Oxford, Scott-Boutell, Taylor and Willetts

Apologies:- -

1. Chairman

RESOLVED that Councillor Willetts be appointed Chairman for the ensuing Municipal Year.

2. Deputy Chairman

RESOLVED that Councillor Arnold be appointed Deputy Chairman for the ensuing Municipal Year.

ACCOUNTS AND REGULATORY COMMITTEE

21 OCTOBER 2008

Present:- Councillors Bouckley, Goss, Harris, Lissimore, Manning,
G.Oxford, Sykes and Willetts
Substitutes:- Councillor Foster for Councillor Bentley
Councillor Garnett for Councillor Maclean
Councillor Hogg for Councillor Offen

16. Minutes

The minute of the meeting held on 16 September 2008 was confirmed as a correct record.

17. Annual Statement of Accounts 2007-08

Mr. Charles Warboys, Head of Resource Management attended the meeting for this item and presented the Annual Statement of Accounts (SOA) 2007-08.

Mr. Warboys confirmed that all the contents of the SOA are required by statute, and that 300 copies of the Statement of Accounts are printed, for distribution to all ward councillors and parish councils, to senior officers and some financial institutions, and to the public on request. Mr. Warboys said the printing costs would be reviewed for the 2008-09 accounts.

RESOLVED that the panel noted the publication of the audited Statement of Accounts for 2007/08.



Accounts & Regulatory Committee

Item
7

30 June 2009

Report of	Scrutiny Officer	Author	Robert Judd 282274
Title	2007/08 Annual Audit and Inspection Letter		
Wards affected	Not applicable		

**This report asks the Committee to note the contents of the
2007/08 Annual Audit and Inspection Letter**

1. Decision Required

1.1 To note the contents of the 2007/08 Annual Audit and Inspection Letter.

2. Reasons for Decision

2.1. The Accounts and Audit Regulations require the Council to consider the Annual Audit and Inspection Letter.

3. Supporting Information

3.1 The 2007/08 Audit and Inspection Letter summarises the conclusions and significant issues arising from the Audit Commission's 2007/08 audit and inspection programmes of Colchester Borough Council as well as commenting on other related issues.

3.2 Paul King, District Auditor, from the Audit Commission will make a brief presentation relating to the Letter at the Committee meeting.

3.3 The Annual Audit Fee 2009/10 and Annual Inspection Letter 2009/10 are included in this report for information (see appendix A).

3.4 The Audit Commission's Code of Audit Practice 2008 and Statement of responsibilities of auditors and of audited bodies are available for inspection as background documents in the Town Hall Members Room.

4. Publicity Issues

4.1 The Council has a statutory requirement to publicise the Audit and Inspection Letter. The Letter has therefore been placed on the Council's website.

5. Other Standard References

5.1 There are no direct Strategic Plan, Financial, Consultation, Human Rights, Risk Management Community Safety or Health and Safety implications as a result of this report

Annual Audit and Inspection Letter

Colchester Borough Council

Audit 2007/08

March 2009



Contents

Key messages	3
Purpose, responsibilities and scope	4
How is Colchester Borough Council performing?	5
The audit of the accounts and value for money	10
Looking ahead	15
Closing remarks	16

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

- 1 Our direction of travel assessment showed that some key services are improving. However, Colchester Borough Council compares unfavourably for both the rate of improvement and the number of top performing services.
- 2 Some key services are improving. For example, the Council performs well in the delivery of affordable housing. Access to services is also improving. The Council is working on improving engagement with hard to reach groups.
- 3 Some important services are not high performing. For example, the time taken to process new benefit claims has increased year-on-year to 25.8 days in 2007/08, compared to 21.2 days in the best performing councils. Performance of planning services is also below average.
- 4 The Council's overall approach to value for money is good; with clear understanding of areas of higher spend. However, whilst the community stadium project was delivered on time and on budget, the visual arts centre project has demonstrated weaknesses in project and contract management resulting in additional expenditure, delays in project completion and critical press coverage.
- 5 The Council works well in partnership with effective working with the police in tackling crime and disorder.
- 6 As part of our 2007/08 audit, we have provided
 - an unqualified opinion on your financial statements;
 - a conclusion that your value for money arrangements are adequate; this included an assessment that your arrangements for ensuring data quality met minimum requirement; and
 - an unqualified report on your Best Value Performance Plan.
- 7 We assessed the Council's arrangements for its use of resources as performing well. Although, the overall assessment has not changed from the previous year, there have been reductions in some individual areas.

Action needed by the Council

- 8 The Council needs to:
 - incorporate in its improvement plan actions to ensure a consistent level of performance and improvement in key services;
 - further develop project management arrangements to ensure all projects are delivered in time and on budget; and
 - consider and implement changes to ensure improvements to the Benefits and planning service are delivered and are sustainable.

Purpose, responsibilities and scope

- 9 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 10 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 11 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Council is planning to publish it on its website).
- 12 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the appointed auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 13 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 14 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Colchester Borough Council performing?

- 15 Colchester Borough Council was assessed as Excellent in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and have been updating where there was evidence of change. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 16 Some key services are improving. However, Colchester Borough Council compares unfavourably for both the rate of improvement and the number of top performing services. For example, the Council performs well in the delivery of affordable housing. However, time taken to process new benefit claims has increased. The Council's overall approach to value for money is good. It understands areas of higher spend and has a reasonably well managed capital programme linked to priorities. Whilst the stadium project was delivered in time and on budget, the visual arts centre project has demonstrated weaknesses in project and contract management resulting in additional expenditure, delays in project completion and critical press coverage.
- 17 The Council works well in partnership with effective working with the police in tackling crime and disorder. Strategies for improvement are aligned closely with those of partners to address key local issues. This has resulted in work on reducing health inequalities, reducing smoking and childhood obesity.

What evidence is there of the council improving outcomes?

- 18 Following the election of a new administration in May 2008, the Council's priorities were changed. The priorities are due to be confirmed following consultation.
- 19 Service improvement is slow. In the last year 53 per cent of performance indicators improved, which is below average compared to all district authorities. Only 24 per cent of indicators are in the best performing 25 per cent nationally, which is also below average. The Council therefore compares unfavourably for both the rate of improvement and the number of top performing services.
- 20 Some important services are not high performing. For example, the time taken to process new benefit claims has increased year-on-year to 25.8 days in 2007/08, compared to 21.2 days in the best performing councils. Council data (unaudited) for the first six months of 2008/09 indicates this has increased further to 29 days. The time taken to process benefits changes is also slow. At 13.8 days this is in the worst 25 per cent of councils nationally - performance for the best councils is approximately seven days. Council data indicates that this has increased in the first six months of 2008/09 to 20 days. Changes have been made and others are planned, but it is not clear within the current economic climate whether the Council aspires to improve its target for processing changes to less than 12 days, which is the level of the worst performing councils.
- 21 Performance of planning services is below average. Almost 70 per cent of major planning applications were determined within 13 weeks in 2007/08 which is below average performance, although this has improved since last year. Despite a slight improvement only 68 per cent of minor applications were determined within eight weeks, representing comparatively poor performance. In addition to the comparatively slow speed at which planning applications are determined, the number of appeals against decisions which were upheld is high. However, the Council has delivered growth in the East of England which is contributing to the housing need in the local area. The Council has undertaken a fundamental review of planning services, which includes business process reengineering to ensure processes are fit for purpose. Early indications show that planning services are improving.
- 22 Some key services are improving. For example, the Council performs well in the delivery of affordable housing. This continues a sustained drive over the last few years and in 2007/08 265 such dwellings were provided, which is amongst the greatest number delivered by any district council. In addition the standard of housing is improving; the proportion of non-decent homes fell from 38 to 23 per cent. Average re-let times are also showing sustained falls. Although the average length of time in bed and breakfast accommodation is getting longer, less time is spent in hostel accommodation. Overall improved housing services are supporting those whose circumstances make them vulnerable.

How is Colchester Borough Council performing?

- 23** Performance for recycling, waste collection and environmental cleanliness is mixed. There was a slight improvement in the recycling rate in 2007/8 to 31.23 per cent; however performance is below average. The Council has undertaken a range of initiatives which has resulted in households in Colchester generating less waste than average, although the amount of waste collected has increased. The cost of delivering waste and recycling services increased in 2007/08, representing a higher cost than average for all councils nationally. The Council is planning to address waste issues, including investigating new technology for waste disposal, which has led to it withdrawing from the county municipal waste strategy. The amount of graffiti and litter has increased, resulting in Colchester having more litter and graffiti than average. Environmental Services are showing early signs of improvement and are a key area of focus for the new administration.
- 24** The Council works well in partnership with others to deliver wider community outcomes. The Council successfully managed the development of a Community Stadium which provides facilities for Colchester Football Club. In addition, effective partnership working is tackling crime and disorder. Reductions in 2007/08 were made in burglaries, robberies, household and personal crime and theft of and from vehicles. Many of these areas of crime remain comparatively low in Colchester. However incidence of violence and sexual offences remain a problem. Effective partnership action supports shared and corporate priorities and is resulting in reduced fear of crime as perceived by local people.
- 25** Access to services is improving. For example, access to the Town Hall has improved through improved wheelchair access and installation of a hearing loop system. Although the Council remains at level 2 of the local government equality scheme, it is making good progress towards achieving level 3 under the strong leadership of the Chief Executive with good councillor engagement. The Council is working on improving engagement with hard to reach groups, including through use of customer segmentation tools such as MOSAIC and Touchstone. Improved access to services supports those whose circumstances make them more vulnerable.
- 26** The Council's overall approach to value for money is good. It understands areas of higher spend and has a reasonably well managed capital programme linked to priorities. However, there have been some significant weaknesses in project and contract management of the visual arts centre, which led to additional expenditure, delays in project completion and critical press coverage. The funding partners continue to support the project, for example through the allocation of additional budget and appointment of a completion coordinator, but plans to finalise the building are not in place and significant risks to completion remain.
- 27** The Council has worked well to deliver quality services in a cost effective way. This has included work with partners, for example via the Procurement Hub which has delivered savings. The ICT strategy has enabled savings to be made from flexible working and via negotiated reductions in costs.

How much progress has it made in implementing improvement plans to sustain future improvement?

- 28 The Council has good performance management processes and plans and has put in place a new strategic plan of the new administration. It is aware that a new performance management framework will be needed to reflect not only internal changes but also requirements around the Local Area Agreement and the new national indicator set. It is intended that the partnership strategy, currently in draft, will help to consolidate partnerships' performance management arrangements.
- 29 There are some performance management mechanisms which are not fully supporting sustainable improvement. It is not clear to what degree comparative information with other councils is actively used to set targets. Whilst Colchester can demonstrate improvements in some services, other councils are improving faster, for example in recycling.
- 30 The Council works effectively in partnership. Strategies for improvement are aligned closely with those of partners to address key local issues. For example, the Council has agreed key themes in the sustainable community strategy which link to the local development framework, the regional plans and the Council's own strategic and service plans. The Council has worked effectively on partnership for improvements for disadvantaged residents and people with disabilities. This has resulted in work on reducing health inequalities, reducing smoking and childhood obesity.
- 31 Improvements have been made in a number of areas. In the year to March 2008 the Council focused attention particularly on regeneration, enabling the achievement of significant outcomes such as increased affordable housing and the new community stadium. The new administration has changed its priority focus to improve services which are performing less well, such as recycling and waste collection, cleanliness and issues impacting on tenant satisfaction.
- 32 Capacity is improving. A more robust approach to sickness absence is increasing capacity. A reorganisation of the senior management team and recent work to increase new portfolio holders' understanding of service budgets supports the delivery of services. However the economic downturn is impacting on resources and therefore the Council has moved staff from some departments, for example planning, in order to redeploy resources to services as demand changes. Such actions support the £0.5m corporate savings target.
- 33 There are no significant weaknesses in governance arrangements for securing continuous improvements. There is a new administration which is establishing relationships with officers, identifying its priorities and developing mechanism to deliver them.

How is Colchester Borough Council performing?

Benefits service diagnostic

- 34 This work was undertaken to identify if improvements to the Benefits service are sustainable and assess the extent of customer focus of the service.
- 35 The Benefits service faced significant problems at the end of 2006/07 and beginning of 2007/08 which it has started to overcome. There were staff shortages due to long term sickness absences and vacancies. This adversely impacted on its performance. This was particularly noticeable at the end of the first quarter of 2007/08. For the remainder of the year performance improved in relation to both new claims and changes of circumstances quarter on quarter.
- 36 Improved performance levels achieved at the end of 2007/08 have not been sustained. It is experiencing reduced performance levels in 2008/09 following the move to a new corporate document management system. It is working to address these and anticipates them being resolved early in September. It also has an increasing caseload. It is working to address this by improving efficiency. However, it needs to develop a better understanding of when this caseload increase requires extra capacity to be able to maintain acceptable performance levels.
- 37 The Benefits service has been proactive in encouraging customers to report changes in circumstances. This helps prevent errors remaining in the benefits system. However, it does not have a track record of top quartile performance in relation to the average time taken to process changes of circumstances.
- 38 The Benefits service is well managed. It has a good performance management system in place and it makes appropriate use of performance information to target resources where they are most needed. The Service provides appropriate additional support for those identified as being in most need. Customers in severe hardship receive extra benefit from the closely managed Discretionary Housing Payment scheme. The Council also recognises the importance of welfare support for many households. It provides a Welfare Rights team who help customers access the wider benefits system and work with the Benefits service to promote take-up of HB and CTB.
-

Health inequalities in Essex

- 39 We reported on our assessment of the arrangements to reduce health inequalities in Essex, in our 2007 Annual Audit and Inspection Letter. The audit identified four main areas to be addressed:
- strategic approach;
 - information and joint planning;
 - delivery and monitoring performance; and
 - political involvement.
- 40 We intend to follow up progress on this work as part of 2009/10 audit.
-

The audit of the accounts and value for money

- 41 Your appointed auditor reported separately to the Accounts and Regulatory Committee on the issues arising from the 2007/08 audit and issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 30 September 2008; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 42 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).

The audit of the accounts and value for money

- 43 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

Note: 1 = lowest, 4 = highest

The key issues arising from the audit

Audit of the accounts

- 44 The Council received an unqualified opinion on the financial statements and an unqualified opinion on the value for money conclusion. The accounts and supporting working papers were timely and prepared to a good standard and officers were responsive to audit queries facilitating the smooth operation of the audit. There were no material amendments to the accounts.

Use of resources

- 45 Our use of resources assessment noted that the Council continues to perform well in a number of key areas. Whilst the Council has maintained its overall score of '3' and the individual theme scores of '3', the score for KLOE 2.2 has dropped from a '3' to a '2'. This is due to the problems experienced with the firstsite:newsite project and the Colchester Borough Homes contract, which we believe indicates weaknesses in managing the performance of projects with partners. This has also affected the score for KLOE 5.2, which otherwise would have increased to '3'. At the same time we have recognised the Council's performance in other projects, such as the new Community Stadium.
- 46 Overall, we judged the Council to be performing well and consistently above minimum standards.
- 47 A detailed report of our findings in respect of use of resources has been issued and Members should monitor progress against the improvement points noted within this report. The key findings from our work are noted below.

Financial reporting

- 48 The Council prepared annual accounts in accordance with the relevant timetables and statutory guidance and we were able to issue an unqualified audit opinion by the deadline. There were no material audit amendments. Supporting working papers provided were of a good standard.
- 49 The Council continues to publish the accounts, annual audit letter and committee minutes on the website. Summary financial statements are also produced. Consultation has taken place in respect of the format of the accounts.

Financial management

- 50 The Council's Medium Term Financial Forecast (MTFF) is embedded throughout the organisation and includes key priorities driven by the Corporate Plan, links to other strategies and policies and is used in the setting of service plans. Budgets and the capital programme continue to be soundly based and are designed to deliver the Council's strategic priorities.
- 51 Performance is actively managed against budgets, variances are reviewed and action taken. Budget monitoring is informed by a risk assessment and is focused on large, high risk or volatile budgets with focus on key variances. However, some weaknesses were identified around the financial review of some partnership and contract arrangements, principally the firstsite:newsite project, which has led to the score for this KLOE reducing from a level '3' to a level '2'.
- 52 The Council has adequate processes to manage its asset base with members clearly taking responsibility for asset management arrangements and the property portfolio being used as an enabler of change.

Financial standing

- 53 The Council continues to manage its spending within its available resources and has appropriate performance measures in place for reacting to under/over spend. The Council has set target levels for its balances in line with budget principles and set out in the MTFF. Annual approval of the budget and treasury management practices includes an assessment of financial risk, levels of balances required and a holistic review of reserves.
- 54 Budgets are set using detailed plans, are well monitored and have historically been under spent. A report is provided for review to Members on the adequacy of reserves and there is a policy and level for reserves. Income is monitored against budget, and this is regularly reported to at management level and to members.
- 55 There is monitoring information to review overpayment recovery and debt recovery and this process is assisted by performance indicators and monthly reconciliations.
- 56 Colchester has £4m invested with Landsbanki. These investments were made in accordance with their Treasury Management strategy. These investments were placed after 31 March 2008 which is the period under review and prompt action has been taken to deal with this issue. Reserves and balances are sufficient to ensure that there is no significant deterioration in the Council's overall financial standing.

The audit of the accounts and value for money

Internal control

- 57 Risk management arrangements continue to be embedded. A risk strategy is in place and approved by Members. A corporate risk register is regularly updated, and contains specific and generic risks in respect of partnerships. The Finance and Scrutiny Panel who are responsible for risk management regularly review the corporate risk register. Project initiation contains a risk assessment.
- 58 The Council has adequate arrangements in place to maintain a sound system of internal control. An annual review of effectiveness has been carried out and the Annual Governance Statement has been reviewed by the Accounts and Regulatory Committee. Sources of assurance have been reviewed and an action plan is in place. A project is underway to bring business continuity plans into one comprehensive document which will be reviewed and tested regularly. The assessment at level 3 reflects the significant progress that has been made in this area despite plans not being finalised.
- 59 The Council continues to have good arrangements in place to promote and ensure probity and propriety in the conduct of its business. A whistle-blowing policy is in place.
- 60 There is a code of conduct in place with the appropriate anti-fraud and corruption policies and ethical standards which are communicated to all staff.

Value for money

- 61 The Council's performance compares well with others and a range of quality services are delivered appropriate to statutory duties and local needs, whilst relatively low overall costs are maintained. Total spending per service area is low when compared to the nearest neighbours groups and all districts.
- 62 The Council understands areas of higher spend and these are planned within the overall budget strategy. Some managed savings were made although some were fortuitous rather than planned.
- 63 There is a reasonably well managed capital programme linked to priorities with projects usually completed on time and within budget. However, there have been delays with the firstsite:newsite project.
- 64 There is an embedded approach to reviewing services (both budgets and performance) including changes over time and clear evidence of improvements made in VFM leading to efficiency savings of £4.1m (£0.5m in excess of target).
- 65 The council uses best procurement practices and consideration is given not only to costs, but also to benefits to the wider community. For example the council has adopted the OGC framework for energy, securing savings of approx 5 per cent of energy costs. Energy and cost savings are planned through a carbon management programme.
- 66 Significant weaknesses were found in contract monitoring of some large scale projects undertaken in partnership which led to substantial difficulties, additional expenditure, delays in project completion and negative press coverage.

Data quality

- 67 The Council's arrangements for ensuring data quality, which fed into our value for money conclusion, concluded that the arrangements were consistently above minimum requirements.

Grant claim certification

- 68 Certification of grant claims at the request of the grant paying bodies resulted in two of the six claims submitted for certification required amendment and a qualification letter to accompany the certificate.
- 69 In addition, a new approach to our certification of the Housing Benefit grant claim was adopted, as required by the DWP. In line with a number of other Councils the new approach identified some issues, including:
- difficulties in selecting the required sample from the benefits system to comply with the new sampling methodology; and
 - data input errors meant that amendments to the claim and further detailed testing was required.
- 70 We liaised with the responsible officers throughout the grant claims audits to resolve as many of the issues as possible prior to certification.

Looking ahead

- 71** The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 72** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 73** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 74 This letter has been discussed and agreed with the Chief Executive and senior officers. A copy of the letter will be presented at the next appropriate Committee meeting. Copies will be provided to all Council members.
- 75 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	April 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Benefits Service diagnostic	September 2008
Use of Resources report	February 2009
Annual audit and inspection letter	March 2009

- 76 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 77 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Ian Davidson
Comprehensive Area Assessment Lead

13 March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk

20 April 2009

Mr Adrian Pritchard
 Chief Executive
 Colchester Borough Council
 Town Hall
 Colchester
 Essex
 CO1 1FR

Direct line 0844 798 5811
Email paul-king@audit-commission.gov.uk

Dear Adrian

Annual audit fee 2009/10

I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Colchester Borough Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Ian Davidson, Comprehensive Area Assessment Lead for Essex, has written to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £125,870 (exclusive of VAT) which compares to the planned fee of £124,320 for 2008/09. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	80,250	79,098
Use of Resources/VFM Conclusion, including risk based work	43,090	41,959
WGA	2,530	3,263
Total audit fee	125,870	124,320
Certification of claims and returns	55,258	41,000 (original estimate) 61,000 (revised estimate)

Audit Commission, Chelmsford Atlantic Business Park, Lyttleton House, 64 Broomfield Road, Chelmsford, Essex, CM1 1SW
 T 01245 218 275 F 01245 218276 www.audit-commission.gov.uk

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Colchester Borough Council is £141,407. The fee proposed for 2009/10 is 11 per cent below the scale fee.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Finance and Audit Scrutiny Panel.

The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. The higher revised estimate reflects the increased time taken for the 2007/08 grant certification work. This was due to a revised methodology for sampling housing benefits claims and errors identified in other grant areas. We continue to work with officers to ensure improvements are made.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
Issues identified in 2008/09 regarding the progress of the firstsite:newsite project. We undertook a piece for work looking at the financial and project management of the scheme, in response to the problems in respect of the project and our responsibilities.	We will carry out a follow up review of the work undertaken in 2009	November 2009 – March 2010
Health inequalities	We will follow up the actions taken and progress made on the health inequalities work carried out previously across Essex.	January 2010 – April 2010

Benefits diagnostic	We will carry out a follow up review of the benefits diagnostic completed in 2008.	April 2009 – March 2010
---------------------	--	-------------------------

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

I would be grateful if you could confirm that those charged with governance have had sight of the 'Code of Audit Practice' and 'Statement of Responsibilities of Auditors and Audited bodies' to ensure their ongoing understanding of the terms of the audit engagement. These can be found at <http://www.audit-commission.gov.uk/aboutus/whatwedo/audit.asp>

The key members of the audit team for the 2009/10 are:

Senior Audit Manager – Christine Connolly	0844 798 5781
Team Leader – Emma Pearce	0844 798 4444

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Eastern Acting Head of Operations, Andy Perrin (aperrin@audit-commission.gov.uk).

Yours sincerely

Paul King
District Auditor

cc Charles Warboys, Head of Resource Management
Cllr Lissimore, Chair of the Finance and Audit Scrutiny Panel
Ian Davidson, Comprehensive Area Assessment Lead, Essex
Christine Connolly, Senior Audit Manager

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Finance and Audit Scrutiny Panel.

Table 1

Planned output	Indicative date
Audit plan	December 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Final accounts memorandum (to the Director of Finance)	October 2010
Annual audit letter	November 2010

2 April 2009

Mr Adrian Pritchard
 Chief Executive
 Colchester Borough Council
 PO Box 884
 Town Hall
 Colchester
 Essex
 CO1 1FR

Direct Line 0844 798 5841
Email i-davidson@audit-commission.gov.uk

Dear Adrian

Annual inspection fee 2009/10

I am writing to set out the assessment and inspection work that we propose to undertake for the 2009/10 financial year at Colchester Borough Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and
- reflects only the Audit Commission’s inspection work, excluding any audit fees. For 2009/10 a separate fee letter for audit work is issued which Paul King, as appointed auditor, has sent to you.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2009/10 is £9,152 and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission’s work programme and scales of fees 2009/10.

Assessment and inspection work plan and fee

Assessment / inspection activity	Planned fee for 2009/10
Area assessment of local partnership	n/a (CLG grant funded)
Managing performance theme of organisational assessment	9,152
Total inspection fee	9,152

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Davidson', with a horizontal line underneath.

Ian Davidson
Comprehensive Area Assessment Lead

cc Charles Warboys, Head of Resource Management
Cllr Lissimore, Chair of the Finance and Audit Scrutiny Panel
Paul King, District Auditor
Christine Connolly, Senior Audit Manager



Accounts & Regulatory Committee

Item

8

30 June 2009

Report of	Head of Resource Management	Author	Hayley McGrath 282387
Title	Review of the Governance Framework and Draft Annual Governance Statement		
Wards affected	Not applicable		

**This report concerns the Annual Governance Statement for
2008/09**

1. Decisions Required

- 1.1 To consider and note the review of the Council's compliance with the six principles of good governance including the review of effectiveness of the internal control arrangements.
- 1.2 To approve the Annual Governance Statement for 2008/09

2. Reasons for Decision(s)

- 2.1 Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, requires the council to conduct an annual review of the effectiveness of its governance and internal control arrangements, and publish an Annual Governance Statement (AGS) each year with its financial statements. These regulations now include the specific requirement for this Committee to:-
 - consider the governance and internal control arrangements in place during the year and
 - approve the AGS
- 2.2 The purpose of the AGS process is to provide a continuous review of the effectiveness of the Council's compliance with the six principals of good corporate governance (CIPFA / SOLACE guidance – Delivering Good Governance in Local Government) and its internal control systems, so as to give assurance that the authority is effectively delivering services. The process also produces a management action plan to address any identified weaknesses in either area.
- 2.3 CIPFA's proper practice requires the Chief Executive and the Leader of the Council to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the authority's governance and control arrangements.

3. Alternative Options

- 3.1 None.

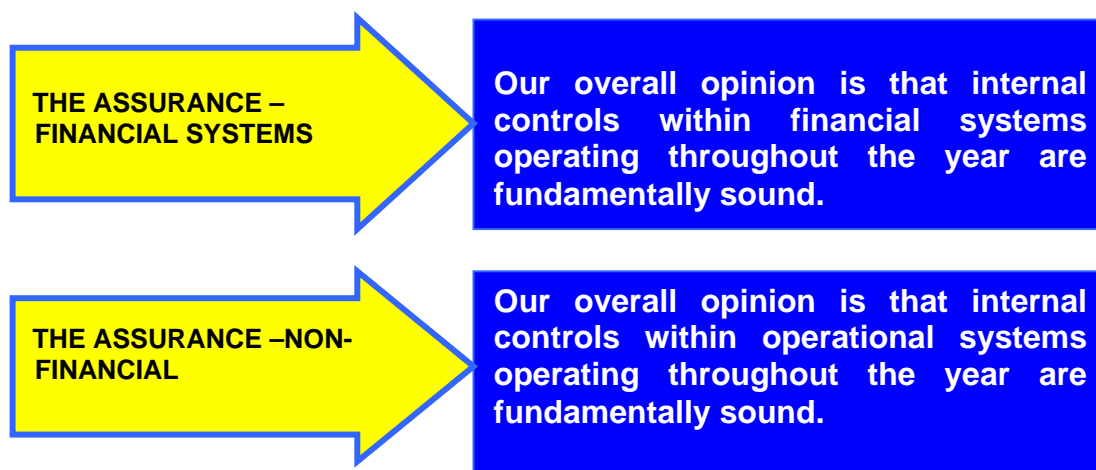
4. Supporting Information

- 4.1 A report was made to the Finance and Audit Scrutiny panel in March 2009 outlining in more detail the requirements and process for the AGS. A copy of this report is attached at appendix 1.
- 4.2 In 2001 CIPFA and SOLACE issued guidance regarding best practice with regard to corporate governance. This was adopted by Colchester and a local code of corporate governance was introduced based on this guidance. In May 2007 CIPFA and SOLACE produced revised guidance – Delivering Good Governance in Local Government – to take into account current issues in local authorities such as Local Area Agreements and partnership arrangements. The AGS is designed to review compliance with the six principles of good governance outlined in the revised guidance.
- 4.3 The six principles of Corporate Governance are:
- **Focusing on the purpose** of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - **Members and officers working together** to achieve a common purpose with clearly defined functions and roles.
 - **Promoting values** for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - **Taking informed and transparent decisions** which are subject to effective scrutiny and managing risk.
 - **Developing the capacity** and capability of members and officers to be effective.
 - **Engaging with local people** and other stakeholders to ensure robust accountability.
- 4.4 As part of the governance review it is a requirement that the Council reviews the effectiveness of internal control and this is primarily evidenced by the Head of Internal Audit Report produced by the Council's Internal Audit provider, Deloitte. A copy of the report is provided as a background paper. The key statement from this report is detailed below:-

2008/09 Year Opinion

Internal Control

From the Internal Audit work undertaken in 2008/09, it is my opinion that I can provide satisfactory assurance that the system of internal control that has been in place at the Council for the year ended 31st March 2009 accords with proper practice, except for any details of significant internal control issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



- 4.5 The Head of Internal Audit opinion above is the same as the opinion given for the 2007/08 financial year which demonstrates that the Council has continued to provide a sound system of internal control.
- 4.6 In addition, the further steps taken in producing the AGS have been as follows:-
- The creation of a working group consisting of the Monitoring Officer, the Policy and Projects Officer and the Risk and Resilience Manager. This group was responsible for gathering and reviewing evidence in support of the AGS and reporting to the Executive Director.
 - A full review of the Council's code of corporate governance including detailed assessment of evidence supporting each principle.
 - Assurance assessments relating to key areas of governance and control have been completed by senior management.
 - Consideration of risk management issues.
 - Detailed follow up of issues with relevant managers to provide evidence of controls in place.
 - Review of the action plan from the Statement of Internal Control for 2007/08.
 - Review of the implementation of recommendations made by Internal Audit.
 - Review of issues raised in External Audit reports, principally the Annual Audit Letter.
- 4.7 The Annual Governance Statement for 2008/2009 is attached as a separate document. The format of the statement takes into account both the mandatory pro-forma contained within CIPFA's proper practice guidance, together with subsequent examples of best practice.
- 4.8 The AGS includes a table showing significant internal control issues and planned actions to address these. A more detailed action plan is set out within this report at Appendix 2. The AGS should be an ongoing assessment and therefore a review of the progress against the action plan has been programmed into the internal audit plan for 2009/10. The results of this review will be reported to the Finance and Audit Scrutiny Panel in the normal manner.
- 4.9 As stated earlier this Committee is required to approve the AGS, which will then be signed and included within the Statement of Accounts.

5. Proposals

- 5.1 That the panel consider the review of governance and internal control arrangements and approve the Annual Governance Statement for 2008/09.

6. Strategic Plan Implications

- 6.1 The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

7. Risk Management Implications

- 7.1 Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks. Therefore the actions should be incorporated into the risk management process.

8. Other Standard References

- 8.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Background Papers

Head of Internal Audit report for the year ended 31 March 2009 by Deloitte.

DRAFT
COLCHESTER BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

Scope of responsibility

Colchester Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Colchester Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Colchester Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council is also responsible for ensuring that any companies owned by the Council, and any jointly operated services, also have proper arrangements in place for the governance of their affairs.

Colchester Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.colchester.gov.uk/constitution (see part 9) or can be obtained from Colchester Borough Council, P.O.Box 884, Town Hall, High Street, Colchester, CO1 1FR.

This statement explains how Colchester Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled. Which in turn directs the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Colchester Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Colchester Borough Council for the year ended 31 March 2009 and up to the date of approval of the annual accounts.

DRAFT

Elements of the Framework

The framework consists of comprehensive processes that each ensure that the Authority complies with the principals of good governance. These include:

- **The Strategic Plan** – which identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users. This is supported by an action plan that is updated annually.
- **The Strategic Risk Register** – which reflects the objectives of the strategic plan and identifies the implications for the Council's governance arrangements.
- **The Constitution** - This is the fundamental basis of the authority's governance arrangements and includes:
 - Defining and documenting the roles and responsibilities of the executive, nonexecutive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
 - Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken.
 - The Policy Framework which includes the documents relating to Corporate Governance including:
 - The Local Code of Corporate Governance.
 - A risk management strategy detailing processes and controls required to manage risks.
 - The Anti-Fraud and Corruption Policy
 - The Ethical Framework which includes documents relating to standards of conduct and good practice which include:
 - A code of conduct which defines the standards of behaviour for all members.
 - Planning procedures Code of Practice
 - Protocol on Members/officer Relations
 - Media Protocol
 - Operational Protocol relating to Administration Arrangements
 - Monitoring Officer Protocol
 - Chief Finance Officer Protocol
 - Resources Protocol
 - A whistle blowing policy for receiving and investigating complaints from the public and staff.
 - Gifts and Hospitality Guidance
- **The operation of the Finance and Audit Scrutiny Panel** which undertakes the core functions of an audit committee, as identified in CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities'.
- **The operation of the Strategic Overview and Scrutiny Panel** to ensure that the actions of the Cabinet accord with the policies and budget of the Council, monitor the financial performance of the Council, link spending proposals to the Council's policy priorities and review progress and to review decisions of the Cabinet via the call-in procedure.
- **The operation of a Standards Committee**, that enforces the code of conduct for members.
- **A performance management system** for all officers that identifies key objectives and development needs.
- **A members training programme.**

DRAFT

- **A communications strategy** which establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- **A partnership strategy** that ensures that the quality of the Council's partnerships are improved and that all partnerships, both current and proposed, add value.
- **Treasury management practices and policies**

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

Review of effectiveness

Colchester Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates including the Benefits Fraud Inspectorate, Equal Opportunities Commission, Lexcel, Investors In People, the Vehicle Inspectorate, DEFRA, East England Tourist Board, the Office of Surveillance Commissioners and the Local Government Ombudsman.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- **A robust Internal Audit function** where the planned work is based on identified key systems and risk areas
- **An embedded reporting system** for both internal and external audit issues that ensures that senior managers and members are fully briefed on key issues, which includes the requirement to report to the Finance and Audit Scrutiny Panel at least every quarter.
- **A comprehensive risk management process** that ensures the key risks across the authority, both operational and strategic, are captured and reported to senior officers and members.
- **The operation of an independent Standards Committee** that is fully briefed to review the conduct of members.
- **Reporting of key performance indicators** to the Strategic Overview and Scrutiny Panel.
- **A comprehensive budget monitoring process** that is reported monthly to senior managers.
- **A partnership register** that records the details of all of the partnerships that the Council is involved in.

Effectiveness of Other Organisations

The Council owns two limited companies, Colchester Borough Homes which was created in 2003 and Colchester Community Stadium Company that was created in 2007. As these are limited companies there is no requirement for them to produce Governance Statements in this format. However it is recognised by the Council that it is essential for these companies to operate effective governance procedures to ensure appropriate and cost effective service provision and protection of Council assets.

DRAFT

During 2008/09 an internal audit of Colchester Borough Homes' governance arrangements, and compliance with the six core principles of good governance, was carried out. Whilst there is no statutory requirement for Colchester Borough Homes to comply with the six core principles it was appropriate that the Council sought assurance that the company was being governed efficiently and effectively.

The audit achieved a substantial assurance rating and 2 priority 2 recommendations and 1 priority 3 recommendation were made. These related to availability of documents on the website, a checklist for board member induction and introducing a corporate document standard and all have been agreed by management. During the year meetings were held with the management of Colchester Borough Homes and the Audit Manager of the Council to discuss control arrangements and a protocol for sharing audit reports was agreed. There were also regular service meetings between the two organisations where work plans, progress and financial arrangements were reviewed and agreed.

A review of the management arrangements for the Colchester Community Stadium Company (C.C.S.C.) was carried out as part of the preparation of this statement. Whilst C.C.S.C. is an 'arms length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it can make the necessary loan repayments to the Council and that the Council's asset, the stadium, is adequately protected. The review highlighted some weaknesses in control arrangements. These have been included in the action plan for 2009/10.

The Council is also the lead partner in a joint museum service with Ipswich Borough Council. Due to the nature of the arrangement, the joint museum service is required to produce its own annual governance statement. Therefore it is not intended to include any details relating to this service within this statement.

The Council participates in several partnerships and during 2008/09 a detailed register of partnerships was compiled and a comprehensive partnership strategy was developed. The strategy defines what a partnership is and details the governance arrangements that should be in place for all partnerships, both present and new. It also provides a mechanism for improving the effectiveness of the partnerships. The strategy was adopted by Cabinet in January 2009.

Internal Audit Opinion

From the work undertaken in 2008/09, Internal Audit has provided satisfactory assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2009 accords with proper practice. This is excepting any details of significant internal control issues as documented hereafter. It is also the opinion of Internal Audit that the Council's corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

DRAFT

Significant Governance Issues

The review of the effectiveness of the governance and internal control arrangements has identified some areas where actions are required to ensure that the authority continues to provide appropriate and cost effective services. The issues and action plans are shown in the table below. These will be monitored and reviewed via the Internal Audit process and progress will be reported quarterly to the Finance and Audit Scrutiny Panel.

No.	Issue	Action
1	<p><u>Colchester Community Stadium Company</u> Whilst the stadium company operates at arms length it is necessary to ensure that there are appropriate controls in place to provide the Council with assurance that it is appropriately governed and delivering the desired outcomes.</p>	<p>A regular reporting process to the Council's scrutiny panel, including set performance indicators, will be implemented. This will cover the performance and governance of the company.</p>
2	<p><u>Flexible Working</u> The Council is committed to developing flexible working practises, including home working. However it must be ensured that there are adequate governance arrangements in place to ensure that the anticipated service improvements are realised and that there is no detrimental effect on customer service.</p>	<p>Flexible working guidelines for staff and managers are already in place. An Accommodation project board oversee the changes to accommodation and a communications and consultation project team operates to involve staff.</p>
3	<p><u>Housing Repairs Contract</u> There is currently an interim arrangement for the provision of essential housing repairs and it is anticipated that a full contract for the provision of the repairs service will be tendered during 2009/10. It has to be ensured that comprehensive controls are put in place for any arrangement going forward.</p>	<p>A comprehensive monitoring framework will be introduced to ensure that the future arrangements are properly set out and controlled.</p>
4	<p><u>Performance Management</u> We acknowledge the need to review elements of our performance management arrangements given the change in the National Framework. There is also a need for improvement in specific areas, including ongoing performance monitoring of key performance indicators and project management arrangements.</p>	<p>New performance dashboard has been developed and is being implemented to assist with improved monitoring – outcomes from this will be reviewed.</p> <p>Performance management arrangements will be reviewed to ensure the new national framework and CAA are incorporated fully, and project management processes reviewed.</p>
5	<p><u>Security of Premises</u> An internal audit review of premises security was carried out during 2008/09, which included physical entry attempts by audit staff. The audit covered three buildings - the Town Hall, Gosbecks Road and Christchurch museum, Ipswich. The review highlighted several areas of weakness which resulted in six priority 1 recommendations relating to responsibilities and policies and procedures. All recommendations were agreed.</p>	<p>All the recommendations have been agreed and incorporated into a draft security strategy, which identifies roles and responsibilities. This will be agreed by PMB and the actions highlighted in the report will be implemented.</p>



	Finance & Audit Scrutiny Panel			Item
	24 March 2009			
Report of	Head of Resource Management	Author	Hayley McGrath 282387	
Title	The Annual Governance Statement Briefing Paper			
Wards affected	Not applicable			

This report provides an explanation of the Annual Governance Statement, which will be reported to the Accounts & Regulatory Committee later in the year.

1. Actions Required

- 1.1 To note the requirement to produce an Annual Governance Statement and the role of the Accounts and Regulatory Committee in the process.

2. Reason for Scrutiny

- 2.1 The Annual Governance Statement is a statutory requirement as set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.
- 2.2 The Council has to report an Annual Governance Statement (A.G.S.) as part of its Annual Statement of Accounts. The A.G.S. encompasses a comprehensive review of the Councils governance arrangements including compliance with the Code of Corporate Governance. The regulations state that the A.G.S. should be reviewed by the Accounts and Regulatory Committee which should then recommend that it is signed off by the Leader of the Council and the Chief Executive.

3. Background

- 3.1 In 2007 CIPFA / SOLACE issued revised guidance regarding how Corporate Governance should be managed and reviewed. The Good Governance Framework sets out six fundamental principles of corporate governance (as shown below), which are underpinned by supporting principles and requirements:

- **Focusing on the purpose** of the authority and on outcomes for the community and creating and implementing a vision for the local area
- **Members and officers working together** to achieve a common purpose with clearly defined functions and roles.
- **Promoting values** for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- **Taking informed and transparent decisions** which are subject to effective scrutiny and managing risk.
- **Developing the capacity** and capability of members and officers to be effective.
- **Engaging with local people** and other stakeholders to ensure robust accountability.

3.2 Councils are expected to comply with the requirements of the Framework and thus meet the principles of good corporate governance. The purpose of the A.G.S. is to critically review the Council's success in complying with the framework.

4.0 What is an Annual Governance Statement?

4.1 The A.G.S. should be an open and honest self-assessment of a Council's governance arrangements and compliance with the Good Governance Framework across all of its activities, with a clear statement of the actions being taken or required to address areas of concern.

4.2 It should include the following:

- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control).
- A description of the key elements of the systems and processes that comprise the governance arrangements.
- Identification of the key risks and gaps in control and assurance.
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements.
- An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4.3 The Audit Commission has commented that:

"Authorities need to recognise that this is a corporate issue, affecting everyone in the organisation. It is also important to recognise that the purpose of the annual governance statement is not just to be 'compliant', but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required. This will also demonstrate to stakeholders what those arrangements are."

5.0 Other Reviews that Influence the Annual Governance Statement

5.1 Not only will the A.G.S. require the provision of evidence from many sources ranging from the Constitution through to individual procedure notes, it will also need to show that some specific areas of review have been carried out including:

- A Corporate Governance Health Check
- An assessment of the effectiveness of Internal Audit
- Partnership arrangements
- Risk Management Framework

5.2 These areas are central to the overall control framework of the authority and are therefore critical in being able to complete the A.G.S.

6.0 Suggested Process

6.1 The guidance for the A.G.S. proposes the following process:

CIPFA Guidance (steps)	Suggested Sources of Assurance
Establish the principal statutory obligations and organisational objectives.	<ul style="list-style-type: none"> • Constitution • Corporate / Strategic plans • Service plans • Performance reporting
Identify the principal risks to achievement of the objectives	<ul style="list-style-type: none"> • Corporate Risk profile • Risk management processes • Internal Audit – risk based planning
Identify and evaluate the key controls to manage the principal risks.	<ul style="list-style-type: none"> • Internal Audit – risk based planning (includes reviews of Corporate Risk process) • All key financial and non financial systems audited regularly • Annual review of Corporate Governance • Annual Risk Management report
Obtain assurances of the effectiveness of key controls	<ul style="list-style-type: none"> • Work of the Internal Audit Service • Annual Internal Audit report • Annual External Audit letter • Work of Risk Management • Annual Risk Management report • External accreditations • Assurance Statement from managers
Evaluate assurances and identify gaps in control / assurance	<ul style="list-style-type: none"> • Work of the Internal Audit Service • Annual Internal Audit report • Annual External Audit letter • Work of Risk Management • Annual Risk Management report • Work of information security officer
Action plan to address weaknesses and ensure continuous improvement of the system of internal control.	<ul style="list-style-type: none"> • Action plans arising from the work of the Internal Audit Service, Audit Commission and other inspection agencies • CPA Action Plans • Best Value action plans • Group/ Strategic risk management action plans

7. Proposals

- 7.1 To note the requirement of the Council to produce an Annual Governance Statement and the responsibility of the Accounts and Regulatory Committee to consider and approve the completed statement.

8. Strategic Plan Implications

- 8.1 The Annual Governance Statement is a fundamental review of the Council's governance arrangements which influences the effectiveness of the processes required to achieve the strategic objectives.

9. Risk Management Implications

- 9.1 The risk management framework is an integral part of the Council's governance arrangements and the Annual Governance Statement includes a review of the effectiveness of the risk management process.

10. Other Standard References

- 10.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report.

**Colchester Borough Council
Annual Governance Statement – Action Plan for 2009/10**

Significant Internal Control Issues – Relating to 2008/09 Financial Year

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
1	<p><u>Colchester Community Stadium Company</u> Whilst the stadium company operates at arms length it is necessary to ensure that there are appropriate controls in place to provide the Council with assurance that it is appropriately governed and delivering the desired outcomes.</p>	<p>A regular reporting process to the Council's scrutiny panel, including set performance indicators, will be implemented. This will cover the performance and governance of the company.</p>	T.B.C.	Chief Executive	Annual Governance review
2	<p><u>Flexible Working</u> The Council is committed to developing flexible working practises, including home working. However it must be ensured that there are adequate governance arrangements in place to ensure that the anticipated service improvements are realised and that there is no detrimental effect on customer service.</p>	<p>Flexible working guidelines for staff and managers are already in place. An accommodation project board is overseeing the changes to accommodation and a communications project team operates to involve staff.</p>	Ongoing until December 2009	Executive Director – People & Performance	Annual Governance review
3	<p><u>Housing Repairs Contract</u> There is currently an interim arrangement for the provision of essential housing repairs and it is anticipated that a full contract for the provision of the repairs service will be tendered during 2009/10. It has to be ensured that comprehensive controls are put in place for any arrangement going forward.</p>	<p>A comprehensive monitoring framework will be introduced to ensure that the future arrangements are properly set out and controlled.</p>	Ongoing	Head of Strategic Policy & Regeneration	Annual Governance review and Internal Audit work

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
4.	<p><u>Performance Management</u> We acknowledge the need to review elements of our performance management arrangements given the change in the National Framework. There is also a need for improvement in specific areas, including ongoing performance monitoring of key performance indicators and project management arrangements.</p>	<p>New performance dashboard has been developed and is being implemented to assist with improved monitoring – outcomes from this will be reviewed.</p> <p>Performance management arrangements will be reviewed to ensure the new national framework and CAA are incorporated fully, and project management processes reviewed.</p>	<p>Ongoing</p> <p>October 2009</p>	<p>Head of Corporate Management</p>	<p>Annual Governance review, External Audit and self awareness.</p>
5.	<p><u>Security of Premises</u> An internal audit review of premises security was carried out during 2008/09, which included physical entry attempts by audit staff. The audit covered three buildings - the Town Hall, Gosbecks Road and Christchurch museum, Ipswich. The review highlighted several areas of weakness which resulted in six priority 1 recommendations relating to responsibilities and policies and procedures. All recommendations were agreed.</p>	<p>All the recommendations have been agreed and incorporated into a draft security strategy, which identifies roles and responsibilities. This will be agreed by PMB and the actions highlighted in the report will be implemented.</p>	<p>September 2009</p>	<p>Head of Corporate Management</p>	<p>Internal Audit Review</p>
6	<p><u>Visual Arts Facility</u> There have been ongoing issues surrounding the delivery of the Visual Arts Facility project leading to delays in completion and increased costs. An Audit Commission review of the project was carried out in April 2009 and this highlighted areas for improvement.</p>	<p>Work has already started on implementing the recommendations made in the Audit Commission review. These will be monitored during the year and progress reported to committee.</p>	<p>Ongoing</p>	<p>Executive Director – Place Shaping</p>	<p>External Audit report</p>
7	<p><u>'Working Practises' Legislation</u> During the course of the budget setting process in 2008/09 a decision about removing grant funding to an external organisation was made. Insufficient information was considered when reaching the decision which resulted in a breach of the Disability Discrimination Act and the issuing of a formal monitoring officer statement.</p>	<p>The monitoring officer statement, which included recommendations for improvement, has been reported to committee. The recommendations have been agreed and will be implemented. The risk of non-compliance with working practises legislation had already been identified on the strategic risk register and this will now be reviewed to ensure that the controls are operating correctly.</p>	<p>T.B.C.</p>	<p>Executive Director Customer Excellence</p>	<p>Annual Governance review</p>



Accounts & Regulatory Committee

Item
10

30 June 2009

Report of	Head of Resource Management	Author	Elfreda Walker 282461
Title	External Audit Progress Report – 2008/09 Year End		
Wards affected	Not applicable		

**This report concerns External Audit Reports Issued in
2008/09**

1. Decision(s) Required

- 1.1 To note and comment upon External Audit (Audit Commission) activity to date.

2. Reasons for Decision(s)

- 2.1 External Audit carry out audit and inspection duties in order to comply with statutory requirements, and in particular the:
- Audit Commission Act 1998 and the Code of Audit Practice (the Code) with regard to audit; and
 - Local Government Act 1999 with regard to best value inspection and audit.

The code has been revised in 2006. The key changes include:

- Amendments to Accounts and Regulations 2006 in regards to Corporate Governance with particular importance being placed on the development of risk management and the planning of internal audit activity.
 - Ethics are now included in the Code as a Standard and offer guidance on purpose, integrity, objectivity, competence and confidentiality.
- 2.2 Recent developments and corporate failures globally have demonstrated more than ever the need for effective corporate governance; the system by which an organisation is directed and controlled. Robust implementation of audit recommendations gives assurance to Members and Management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

3. Supporting Information

Following the Council's classification as an 'excellent' authority in 2004, the principals of strategic regulation have been applied and there was no performance audit coverage undertaken by External Audit.

External Audit formalise their findings in reports that contain, where appropriate, recommendations for Management to address. The reports contain an overall summary of the service reviewed which is based upon the issues arising.

It is the responsibility of External Audit to follow up their recommendations; but it is the responsibility of Management to ensure that these recommendations are implemented. Monitoring of progress made in implementation is an ongoing process undertaken by the Finance Manager.

4. External Audit Activity

- 4.1 There were two external audits carried out during 2008/09, with recommendations as outlined in the appendix to this report. The audits were:
- Benefits Service Diagnostic, which contained 3 recommendations and was issued in March 2009.
 - Review of the Visual Arts Facility, which contained 5 recommendations and was issued in April 2009.
- 4.2 As the follow up of these two audits is not yet due, the follow up comments column of the appendix is blank.
- 4.3 The final Annual Audit and Inspection Letter for 2007/08 has been issued and is being reported separately to this meeting. This details four actions that the Council is recommended to implement. These will be incorporated into the internal audit programme where appropriate.

5. Strategic Plan Implications

- 5.1 The recommendations and actions raised by the external auditors relate to the fundamental financial systems of the Council and it is essential that they are properly controlled as they support the achievement of the strategic objectives.

6. Risk Management Implications

- 6.1 The issues and recommendations raised by the audits are reflected in the risk management process so that risks are accurately recorded where appropriate. It is already established practice to consider high risk areas when developing the audit plan.

7. Other Standard References

- 6.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report

Register of External Recommendations

Appendix A

New External Audit Recommendations from Reports Formalised in 2008/09

Audit commission Findings and Reconciliation	Agreed	Current Position	Follow-up Comments
<p>Benefits Service Diagnostic</p> <p>The Benefits Service should work closely with the Customer Service Centre (CSC) to develop initiatives and monitor progress in delivering improved customer satisfaction and reducing avoidable contacts.</p>	<p>Yes</p>	<p>Ongoing. Customer Service has adapted their phone system to improve monitoring of avoidable contacts. C-Visuals is a new system, which is being rolled out to further improve monitoring. There have been significant improvements in this area since the audit was carried out. For example, a new interactive web based benefit claim form is about to be installed. An easier One Stop Shop way for people to claim CBC benefits via Jobcentre Plus has been arranged, and consultation with a new Customer Focus Group, run by both Benefits and the CSC, is in place.</p>	<p>Follow Up Not Due</p>
<p>SMART customer service standards should be developed in consultation with customers.</p>	<p>Yes</p>	<p>In progress. Customer Services/Benefit team will review service standards for all three main channels - public office, telephony and email. Feedback will be tested from a customer point of view at the conclusion of the review a Customer Service Standard Policy will be drafted.</p>	<p>Follow Up Not Due</p>
<p>The Benefits service should develop:</p> <ul style="list-style-type: none"> • A better understanding of the reasons for its increasing caseload; • An understanding of the point at which its caseload will exceed its capacity and time to train assessment officers; and • A better understanding of the make up of its caseload compared to that of the local community to identify any under claiming groups to enable it to target take-up and publicity effectively and tailor services appropriately. 	<p>No</p>	<p>At the time of the audit, managers were analysing the increase in work load and efficiency to develop new practices and increase capacity. As a consequence, five temporary members of staff were employed and output has greatly increased. The Mosaic system has also been implemented to improve knowledge and analysis of demographics.</p>	<p>Follow Up Not Due</p>

Audit commission Findings and Reconciliation	Agreed	Current Position	Follow-up Comments
<p>Colchester Visual Arts Facility</p> <p>In order to ensure timely and cost effective completion of the Visual Arts Facility the Council and its funding partners should ensure that they have sufficient capacity to act as an intelligent client throughout the final phase of project.</p>	Yes	Completed. Jackson Cole has been appointed as Project Director and Mace as an Interim Project and Cost Manager to provide expertise in relation to project completion and procurement of relevant contractors.	Follow Up Not Due
<p>In order to ensure timely and cost effective completion of the Visual Arts Facility the Council and its funding partners should ensure that there are robust costed plans for completion which are SMART and established on a robust and enforceable contractual basis.</p>	Yes	In progress. Significant cost review undertaken by Jackson Coles. Procurement process review has commenced. Interim Project and Cost Manager- Mace has been appointed and is charged with producing the final costed plan upon which procurement decisions will be made.	Follow Up Not Due
<p>In order to ensure timely and cost effective completion of the Visual Arts Facility the Council and its funding partners should ensure that risks and plans for their mitigation are accurately detailed and monitored in an open and transparent manner.</p>	Yes	Completed. Jackson Cole has issued an up to date Colchester Visual Arts Facility Risk Register. Register will be updated on a regular basis and mitigation actions are identified on the register.	Follow Up Not Due
<p>In order to ensure timely and cost effective completion of the Visual Arts Facility the Council and its funding partners should ensure that progress with the delivery of the plans, against allocated budgets, is monitored in an open and timely manner.</p>	Yes	Ongoing. The internal project team meets monthly with the Executive Director, Project Director, Finance Manager, Cultural Services Manager, Communications Manager and Clerk of Works in attendance. Funders meetings take place on monthly basis. Project progress is also discussed at the monthly Renaissance Steering Group meetings.	Follow Up Not Due

Audit commission Findings and Reconciliation	Agreed	Current Position	Follow-up Comments
<p>In order to ensure timely and cost effective completion of the Visual Arts Facility the Council and its funding partners should ensure that improvements to communication lead to the sharing of consistent and accurate information about the project both internally and externally.</p>	<p>Yes</p>	<p>On going. Portfolio Holder has been praised for sharing clear information externally. A Completion Coordinator has been brought in specifically to represent funders and to facilitate the exchange of information. The sharing of open and up to date information is a key priority for CBC and as a result the following actions have been taken since this audit report.</p> <ol style="list-style-type: none"> 1. CBC holds fortnightly internal project meetings which include the Communications Manager, to help ensure consistent internal and external information 2. The Chief Executive recently held a series of 'Lifting the Lid' sessions, that provided an update to staff on the progress of this project 3. The Completion Coordinator leads communication at a strategic level as part of the core Funder's Group which meets monthly 4. On a day to day basis the external information is disseminated via CBC's communications team with input and comments from the communications leads at the other funding organisations. Every effort is made to ensure that the communications leads at each of the organisations is kept informed of progress on the project. 	<p>Follow Up Not Due</p>



Accounts & Regulatory Committee

Item
11

30 June 2009

Report of

Head of Resource Management

Author

Elfreda Walker
282461

Title

Year End Internal Audit Assurance Report

Wards
affected

Not applicable

This report summarises the performance of Internal Audit during 2008/09 and details the work undertaken during quarter 4 - January and March 2009

1. Actions Required

1.1 To note and comment upon 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 31st March 2009.

2. Reason for Scrutiny

- 2.1 The Accounts and Audit Regulations 2003 require local authorities to maintain an adequate and effective system of internal audit.
- 2.2 Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

3. Key Messages

- The Council has continued to provide an effective internal audit service for the 2008/09 financial year.
- There were 4 priority 1 recommendations made this quarter; 1 priority 1 recommendation was made in each of the following audit areas – Purchasing Cards (D-Cal), Business Continuity, Treasury Management and Waste Management.
- The assurance level for Sickness Absence has increased from Limited to Substantial.
- The assurance level for Business Continuity Planning has increased from No Assurance to Limited.
- The assurance level for Asset Register has increased from Limited to Substantial.
- One priority 1 recommendation made this quarter Purchasing Cards (D-Cal) was not agreed by management as the action was already in place; and 2 priority 2 recommendations (Leisure World and Sickness Absence) were not agreed by management.

4. Summary of 2008/09

- 4.1 There is a very positive relationship between the officers of the Audit and Governance team and the internal audit provider and regular meetings take place to discuss various issues including audit briefs, recommendations, reporting formats and audit planning.
- 4.2 Regular meetings have also been formalised with the external audit providers. This has proved to be beneficial in ensuring that the work of the internal and external providers is complementary and it ensures that the internal audits carried out provide the maximum assurance possible to the external auditors, thereby reducing the detailed work needed by external audit.
- 4.3 The current internal audit service contract is due to expire on 31st March 2010. A full review of the options for the future delivery of the internal audit service is to be undertaken over the next three months.

5. Supporting Information

- 5.1 This report has been designed to show:
- Detailed information concerning audits finalised in the quarter
 - Details of the effectiveness of the Internal Audit Provider to deliver the service
- 5.2 Using a risk-based approach, internal audit generate reports, for all audits, with recommendations to improve the effectiveness of the internal control framework and maximise potential for service improvement across the Council. The audit plan consists of a mix of regularity, systems and probity audits. Only systems audits generate an assurance level, these are categorised as follows:
- Full Assurance – there is a sound system of control designed to achieve the system objective
 - Substantial Assurance – there is basically a sound system of control; there are weaknesses that put some of the system's objectives at risk
 - Limited Assurance – weaknesses in the system of controls are such as to put the system's objectives at risk
 - No Assurance – control is generally weak leaving the system open to significant error or abuse
- 5.3 Internal Audit categorise recommendations according to their level of priority as follows:
- Priority 1 – Major issues for the attention of senior management
 - Priority 2 – Other recommendations for local management action
 - Priority 3 – Minor matters
- 5.4 Internal audit categorise the tracking of recommendations as follows:
- Fully implemented
 - Partially implemented
 - Not implemented

6. Internal Audit Performance for 2008/09

6.1 Use of Audit Resources:

	Days	%
Audit days delivered – Q1	74	14
Audit days delivered – Q2	139	26
Audit days delivered – Q3	190	35
Audit days delivered – Q4	133	25
	536	100

6.1.1 The total number of contracted audit days per year is 505. During 2007/08 31 days were set aside in the audit plan for the Housing repairs contract and Colchester Borough Homes reviews in quarter four. However due to the cessation of the partnership arrangement with Inspace it was not appropriate to carry out these reviews and these days were carried forward to the 2008/09 financial year.

6.2 Summary of Work Undertaken during the year 2008/09:

	Total No. of Reports		Level of Assurance – Systems Audits*				Change in Assurance Level – compared to last audit		
	Other	Systems	Full	Substantial	Limited	No	▲	▶ (or 1 st Audit)	▼
Audits finalised –Q4	6	10	-	6	4	-	3	7	-
Q3	2	8	1	7	-	-	1	7	-
Q2	2	7	-	5	2	-	2	4	1
Q1	1	7	-	6	1	-	1	5	1
Work in progress –Q4	1	9							
From Q3									
From Q2									
From Q1									

*Only systems audits are given an assurance level.

During 2008/09 the assurance rating improved in 22% of systems audits carried out and remained the same in 72%.

Please see Appendix 1 for a summary of results and outcomes of the 10 systems audits finalised in Quarter 4.

6.3 Status of Recommendations as at 31st March 2009 (Audits Finalised by Priority):

	Due Q1	Due Q2	Due Q3	Due Q4	Total Due	Fully Implement	Partially Implemented (c/fwd)	Not Implemented (c/fwd)
Priority 1								
2008/9	0	0	0	1	1	0	1	0
Other	0	0	0	0	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>
Priority 2								
2008/9	3	18	8	36	65	3	61	1
Other	28	4	19	0	51	7	44	0
Total	<u>31</u>	<u>22</u>	<u>27</u>	<u>36</u>	<u>116</u>	<u>10</u>	<u>105</u>	<u>1</u>
Priority 3								
2008/9	2	5	3	3	13	2	10	1
Other	5	0	2	0	7	0	7	0
Total	<u>7</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>20</u>	<u>2</u>	<u>17</u>	<u>1</u>
Total								
2008/98	5	23	11	40	79	5	72	2
Other	33	4	21	0	58	7	51	0
Total	<u>38</u>	<u>27</u>	<u>32</u>	<u>40</u>	<u>137</u>	<u>12</u>	<u>123</u>	<u>2</u>
%								

6.3.1 All recommendations from 2008/09, that are due, are included in the above table, including implemented, only *outstanding* recommendations from other years are included. All recommendations where auditee's have confirmed implementation but a follow-up audit has not been completed have been included as 'partially' implemented to ensure they are monitored until they are confirmed by Internal Audit. The figures above do not include any recommendations that are not yet due for completion.

6.4 Status of Outstanding Recommendations as at 31st March 2009 (Audits Finalised by Service):

The 125 recommendations that are still due (from the table above) are made up as follows:

	Customer Service Centre	Corporate Services	Environmental & Protective Services	Life Opportunities	Resource Management	Strategic Policy & Regeneration	Street Services
Priority 1							
2008/9	0	0	0	0	1	0	0
Other	0	0	0	0	0	0	0
Total	0	0	0	0	1	0	0
Priority 2							
2008/9	1	14	12	9	25	1	0
Other	0	19	11	4	4	9	0
Total	1	33	23	13	29	10	0
Priority 3							
2008/9	0	4	0	4	2	1	0
Other	0	0	0	0	0	4	0
Total	0	4	0	4	2	5	0
Total							
2008/9	1	18	12	13	28	2	0
Other	0	19	11	4	4	13	0
Total	1	37	23	17	32	15	0

Please see Appendix 2 for details of individual audits as at 31st March 2009. This details all audits undertaken in 2008/09 and 'outstanding' audits from previous years.

6.4.1. The outstanding recommendations will continue to be closely monitored and progress will be reported to the panel each quarter.

6.5 Colchester Borough Homes

6.5.1 Colchester Borough Homes have their own agreed audit plan which is administered by the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes and in general the audits do not affect the systems operated by the Council.

6.5.2 However there are a few audits that, whilst they are carried out for either Colchester Borough Homes or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.

6.5.3 There were two joint audits carried out in quarter 4, Housing Rents and Management of Expenditure, and these are detailed in Appendix 1.

6.6 Performance of Internal Audit during 2007/08 – Key Performance Indicators (KPIs):

KPI	Target	Actual
Efficiency:		
Percentage of annual plan completed (to at least draft report stage)	100%	100%
Percentage of audit reports issued on time	95	98
Quality:		
Meets CIPFA Code of Practice – per Audit Commission	Positive	Positive
Results of Client Satisfaction Questionnaires (Score out of 10)	7.8	8.23
Percentage of all recommendations agreed	95%	98%
Percentage of Priority 1 recommendations implemented	100%	50%
Percentage of Priority 2 & 3 recommendations implemented	90%	82%
Improved assurance for 2 nd & subsequent audit reviews – as a percentage of all recurring reviews	25%	22%

6.6.1. The key performance indicators show that the internal audit provider is successfully meeting or exceeding the majority of standards. The percentage of audits that have shown an improved performance for the 2nd or subsequent review is below the expected level. However this is due to the number of audits which attained a ‘substantial’ assurance at the previous inspection, and have since maintained that level at the next inspection.

7. External Audit

7.1 Two External Audit reports were issued by external auditor in the fourth quarter:

- Benefits Service Diagnostic – the work was undertaken to identify if improvements to the Benefit Service are sustainable and assess the extent of customer focus of the service.
- Colchester Visual Arts Facility – the audit considered how learning from earlier project stages has been used to strengthen current planning and delivery. It considered the funding position of the project and the robustness of future plans to ensure that the project is delivered and is fit for purpose.

7.2 Details of the recommendations arising from these reports can be found in the External Audit Progress Report – 2008/09 Year End, which is also on today’s Agenda.

8. Proposals

8.1 To note and comment upon 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 31st March 2009.

9. Strategic Plan Implications

9.1 The audit plan has been set with due regard to the identified key strategic risks to the Council. The strategic risk register reflects the objectives of the strategic plan. Therefore the audit work confirms the effectiveness of the processes required to achieve the strategic objectives.

10. Risk Management Implications

10.1 The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

11. Other Standard References

11.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Summary of Audits Finalised in Quarter 4:

319 – Purchasing Cards (D-Cal)	Days	Assurance Limited	Priority			Agreed
			1	2	3	
	10	▶	1	7	-	7

Scope of Audit: This review examined the following areas relating to the D-Cal system.

- Authorisation and setup of account holders
- Type and value of expenditure permitted on the system
- Spending limits allocated to individual staff
- Compliance with financial regulations
- Recording of expenditure within the general ledger
- Monitoring of transaction activity
- Use of credit cards
- Management information.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- All documentation relating to a cardholder account should be filed together to enhance the audit trail and ensure that items can be located when needed. (2)
- Heads of Service should confirm annually that they are aware of, and are satisfied with, the continued use of a card by an officer and of the card limit. (2)
- Barclays should be notified of officers who are no longer employed by the Council and they should be removed from the authorised signatory list. (2)
- Detailed comprehensive procedure notes in respect of the use of the D-Cal system should be produced. (2)
- A copy of the procedures should be issued to all cardholders whenever there is a new version and confirmation that they have read them should be requested. (2)
- All purchase card expenditure should be justified with a reason. (2)
- A review should be undertaken of all cardholder accounts to identify if the current types of allowable expenditure on the card are appropriate. (2)
- An audit should be undertaken, whereby a number of officers are selected at random to have their files spot-checked. (1) Not agreed as spot checks were already being carried out.

323 – Leisure World	Days	Assurance Regularity	Priority			Agreed
			1	2	3	
	15		-	11	1	11

Scope of Audit: This review examined the following areas relating to Leisure World:

- Cash collection
- Scale of charges
- Pitch and court hire
- Machine income
- Credits and refunds
- Lifestyles
- Expenditure
- Catering function
- Lost property
- Stock control
- Charge setting
- The selection and vetting of instructors
- Security of premises and insurance arrangements

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Reasons for unders and overs should be recorded on the CDR, with investigations being completed where the difference is in excess of £20. (2)

- The Z tickets from the tills should be signed by the Duty Manager as proof of review of the totals and any variances. (2)
- Management to review the list of outstanding accounts on a regular basis to ensure that recovery action has been taken in each case. The manager should sign the outstanding debts report as evidence of the review. (2)
- Copies of block booking forms should be retained on file in all cases. Bookings should not be made unless the form is signed as agreement of terms and conditions of Leisure World. (2)
- All vending machines should be emptied on a weekly basis. (2)
- All order forms should be kept on file with the corresponding marketplace reference recorded. (3)
- The weekly wastage sheets should be checked by the Catering Manager and signed as evidence. The details should be recorded and analysed to identify any wastage trends. (2)
- Staff should be reminded of the lost property procedures particularly those covering the storage of valuable items and the processes to be followed when items are claimed. (2)
- Stock control information should be retained on file, showing stock levels, orders raised and sales made. (2)
- Management should undertake a monthly stock check of non-food items held. The stock should be reconciled between orders received and sales made and any variances identified should be documented and investigated. (2) Not agreed.
- A checklist should be introduced for outside clubs detailing each piece of information required. The items should be ticked off as they are received. Only when all of the required information has been received should the outside clubs be given permission to use the Leisure World facilities. (2).
- All current Leisure World instructors should be checked to ensure that they possess the required qualifications. Evidence of qualifications must be obtained prior to any instructor commencing in their role. (2)

325 – Sickness Absence	Days	Assurance	Priority			Agreed
			1	2	3	
	7	Substantial ▲	-	5	-	4

Scope of Audit: This review examined the following areas relating to sickness absence:

- Policies, procedures and training
- Sickness reporting requirements
- Self and Doctors Certificates
- Sickness absence trigger points
- Long term sickness
- Sickness monitoring and recording

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The feasibility of an induction course for staff employed or promoted into roles with line management responsibilities should be investigated. (2)
- Sickness should be reported to HR electronically where possible. (2)
- HR should send a system generated report to Service Heads on a monthly basis identifying the sickness reported within their service area. Service Heads should be requested to confirm that the report represents an accurate record of sickness within their area of responsibility. (2) Not agreed
- Timescales for the return of documentation should be agreed and documented within the sickness absence policy. (2)
- A template should be developed for line managers for managing staff on long-term sick leave. Completion of the logs should be monitored by HR staff to ensure that a consistent approach is being employed. (2)

328 – Business Continuity Planning	Days	Assurance Limited ▲	Priority			Agreed
			1	2	3	
	10		1	3	-	4

Scope of Audit: This review examined the following areas relating to Business Continuity:

- Analysing the organisation
- Assessing the risks
- Developing the strategy
- Developing the plan
- Rehearsing the plan

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Meetings that discuss Business Continuity issues should be minuted. (2)
- The Business Continuity Plan should incorporate the emergency response procedures, evacuation, HR, Media, public relations and IT issues. (1)
- It is recommended that the Business Continuity Incident Management Plan should be finalised and approved. (2)
- A revised version of the Business Continuity Plan should be accessible to staff via the Hub. (2)

335 – Treasury Management	Days	Assurance Regularity	Priority			Agreed
			1	2	3	
	5		1	1	-	2

Scope of Audit: This review examined the following areas relating to Treasury Management:

- Policies, procedures and regulation
- Security of assets
- Cashflow forecasting
- Records of loans and investments made
- Segregation of duties
- System reconciliation and insurance
- IT security

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The Annual Investment Strategy should be revised to meet current economic problems faced by the banking sector. (1)
- Evidence should be recorded on a monthly basis, to show that all investments and loans have been reconciled to the ledger. The record should be signed by the officer inputting the information and then checked and signed by management. (2)

336 – Asset Register	Days	Assurance Substantial ▲	Priority			Agreed
			1	2	3	
	10		-	4	1	5

Scope of Audit: This review examined the following areas relating to the Asset Register:

- Policies and procedures
- Recording of assets
- Capital charges
- Reconciliation to the financial ledger
- Revaluations
- Recording of maintenance and enhancement expenditure

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The asset register should be updated on a quarterly basis (2)
- A formal programme of asset verification should be introduced (2)
- Capital charges should be independently reviewed on an annual basis. Evidence of the review should be kept on file. (2)
- The asset register should be reconciled to the general ledger on a quarterly basis. (2)

- Reconciliations of the asset register with other Council asset records, such as property and vehicle databases, should be undertaken at regular intervals (3)

340 – Waste Management	Days	Assurance	Priority			Agreed
			1	2	3	
	10	Limited	1	4	1	6

Scope of Audit: This review examined the following areas relating to Waste Management:

- Service provision and complaints
- Management information
- Special collections
- Assisted collections
- Agreements held for trade waste customers
- Supporting documentation
- Monitoring procedures
- Raising of invoices
- Basis of charges
- Debt recovery procedures

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The contract for the provision of trade waste / hazardous items should be formally tendered for, in accordance with the Council's Procurement Rules / OJEU requirements. (1)
- Pending the tender exercise, an agreement should be drawn up between the Council and Icení Secure Services Limited for the provision of waste services. (2)
- The Council should request that the sub-contractor tick off and sign each booking sheet against each individual service record before returning the completed report to the Council to be put on file. (3)
- All trade waste agreements should be held on file by the street services administration team. (2)
- All Duty of Care forms should be completed and signed by trade waste customers. All forms should be held on file to ensure compliance with the regulatory requirements and for future reference. (2)
- A periodic reconciliation should be performed on the total number and charges made in respect of the Duty of Care certificates. (2)

341 – Community Stadium	Days	Assurance	Priority			Agreed
			1	2	3	
	15	Limited 1 st Audit	-	9	-	9

Scope of Audit: The audit reviewed the procedures and controls in place over the procurement and management of the Design and Build services for the Community Stadium. Audit work was undertaken to cover the following areas:

- Selection of contractor
- Tendering procedures
- Receipt and opening of tenders
- Contract letting
- Communication
- Change control
- Payments to the contractor and external consultants
- Management information
- Post implementation review.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- A copy of the OJEU advertisement should be obtained and retained on the project file. (2)
- Copies of the invitation to tender documents should be obtained (2)
- Confirmation that the tenders were returned to the Town Hall before the deadline date should be obtained (2)
- The tender opening schedule and the Forms of Tender and the Collusive Tendering Certificate should be obtained. (2)

- For future contracts it should be ensured that the insurance provided by the contractor covers the contract period and evidence of renewal is provided by the contractor. (2)
- For future contracts 'Terms of Reference' of each group involved with overseeing the contract should be drawn up. (2)
- Copies of all the Draft Change Orders and the Change Orders should be obtained (2)
- For future contracts all invoices from external contractors should be date stamped with the date of receipt. (2)
- A post project review should be completed, which should include a benefits appraisal as well as an assessment of the performance of the external firms used during the project. (2)

342 – General Ledger	Days	Assurance	Priority			Agreed
			1	2	3	
	10	Substantial	-	3	-	3

Scope of Audit: This review examined the following areas relating to the General Ledger:

- Reconciliation with feeder systems
- Cash and bank reconciliations
- Access privileges to the Financial Management Information System
- Segregation of duties
- Clearance of journals
- Management information and budgetary reports

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Control account reconciliations should be independently reviewed in line with the planned timetable. Management should ensure that there are adequate arrangements in place to cover periods of absence, so that reconciliations are reviewed on a regular and timely basis.(2)
- Cash and bank reconciliations should be independently reviewed in line with the planned timetable. Management should ensure that there are adequate arrangements in place to cover periods of absence, so that reconciliations are reviewed on a regular and timely basis.(2)
- Movements out of suspense should be reviewed by an independent officer on a periodic basis. (2)

343 - Debtors	Days	Assurance	Priority			Agreed
			1	2	3	
	5	Regularity	-	2	1	3

Scope of Audit: This review examined the following areas relating to the Debtors function:

- Policies and procedures
- Raising of sundry debtors
- Posting receipts to appropriate accounts
- Suspense items
- Processing of outstanding debt
- Recovery of outstanding debts
- Write off of bad debts
- Management information
- IT Security

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Procedure notes covering all functions of the Accounts Receivable Team should be produced. The procedures should cover such areas as recovery action and debt write off. The procedures should be made available to all relevant members of staff and be reviewed and updated annually. (2)
- Independent checks on a sample of movements out of suspense should be completed on a regular basis. (2)
- The monthly Aged Supplier Balances report should be signed off by the officer responsible for reviewing it. (3)

344 - Creditors	Days	Assurance	Priority			Agreed
			1	2	3	
	5	Regularity	-	1	-	1

Scope of Audit: This review examined the following areas relating to the Creditors function:

- Policies and procedures
- Validity, documentation and approval of transactions
- Safeguarding of documents
- Processing of invoices
- Payments to consultants
- Supplier details
- Credit notes
- Cheque requisition system
- Authorisation levels
- Documentation held to support the deduction or non-deduction of tax from payments to sub-contractors of the Council.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Procedure notes should be reviewed at least on an annual basis. The procedures should be annotated with the date of update, reviewed by, date of next review. (2)

347 – Risk Management	Days	Assurance	Priority			Agreed
			1	2	3	
	5	Regularity	-	5	1	6

Scope of Audit: This review examined the following areas relating to Risk Management:

- Policies and procedures
- Identification, recording, evaluation and assessment of risks
- Control of potential risks
- Informing senior management within the Council
- Management information and reporting

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The Risk Management Strategy should be formally reviewed by the Cabinet Members prior to the Council's adoption (2)
- The operational risk registers should be updated to reflect the new service structure in place (2)
- A consistent approach should be taken by all services in the preparation of risk registers and assessment of risk in respect of impact and likelihood occasions. (3)
- Operational risk registers should be reviewed on a six monthly basis. High level risks should be reviewed by the Strategic Performance Management Board at appropriate intervals. (2)
- Action plans should be produced by each service to address any risk management issues identified. (2)
- Reporting arrangements, as set out in the current Risk Management Strategy, should be adhered to. Monitoring should be completed to ensure that all processes detailed are completed on a timely basis. (2)

348 – Landscape Management	Days	Assurance	Priority			Agreed
			1	2	3	
	10	Substantial	-	5	1	6

Scope of Audit: This review examined the following areas relating to Landscape Management:

- Contractors
- Payments to contractors
- Quality control and monitoring
- Closed church yards
- Income

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The contract with Veolia should be signed by both parties as soon as possible. (2)
- Contract variations should be reviewed and approved by management before being authorised and sent to the contractor. (2)
- All contract variations should be filed with the original contract. (3)
- Management should ensure that all invoices are appropriately authorised, in line with approved signing limits. (2)
- Details of all complaints should be recorded, including details of the remedial actions taken. Management should review the complaints spreadsheet on a regular basis and query any cases where there are no details of any action being taken. (2)
- Hire agreement forms should be annotated with the details of the invoice raised. Management should review the hire agreements on a regular basis to ensure that invoices have been raised in respect of every service provision. (2)

351 – Corporate Governance - CBH	Days	Assurance Substantial	Priority			Agreed
			1	2	3	
	15	▶	-	2	1	3

Scope of Audit: This review examined the following areas relating to the Corporate Governance arrangements at Colchester Borough Homes:

- Focusing on the organisation’s purpose and on outcomes for citizens and users
- Performing effectively in clearly defined functions and roles
- Promoting values that underpin good governance and upholding these through behaviour
- Taking informed, transparent decisions within a framework of controls
- Developing the capacity of the governance team to be effective
- Engaging stakeholders and making accountability real.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- CBH’s Memorandum and Articles of Association should be made available on CBH’s website. (2)
- A checklist should be kept detailing the induction process of Board members. (3)
- A corporate version control document for all strategies, policies, procedures and guidance notes should be developed. This should identify the corporate sponsor of the document, document owner, date of approval, who the document was approved by, version number, and the review date for the document. (2)

501 – Housing Rents	Days	Assurance Substantial	Priority			Agreed
			1	2	3	
	5	▶	-	1	1	2

Scope of Audit: This review examined the following areas relating to the Housing Rents system at both Colchester Borough Homes and Colchester Borough Council:

- Debits to individual housing rent accounts
- Receipting of income
- Amendments to housing rent accounts
- Procedures for dealing with suspense items
- Reconciliation of the housing rents system with the general ledger

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The new user request form must be completed and signed by the appropriate person before a new user account can be created. (2)
- Line managers should inform the Business Development Team of all cases of internal staff moves. The Business Development Team can then make the necessary user changes to ensure that access rights remain relevant. (3)

503 – Management of Expenditure		Priority				
	Days	Assurance	1	2	3	Agreed
	13	Regularity	-	1	-	1

Scope of Audit: The objective of the audit was to ensure that the controls in place over the Management of Expenditure are operating as management intended. Audit work was undertaken to cover the following areas:

- Payments to CBH; and
- Supporting documentation, including sign off arrangements.

Key Outcomes: The recommendation resulting from this review is summarised as follows:

- A system should be introduced to ensure that all Clerk of Works handovers are completed and dated at the time that the inspection is undertaken. Forms should be appropriately filed to help ensure that they are readily available in the event of a query.

Status of Recommendations as at 31st March 2009

Service/Assignment	Priority			No. Agreed	Date Due	Fully Implemented	Not Due	Comments
	P1	P2	P3					
2008/09								
RSMN Commercial & Invest Props	303	2	2	2	01/05/2008	2		Complete. Recommendations related to evidence of rent reviews and signing annual property inspections.
CORM Land Charges	305	4	4	4	31/03/2009	2	1	Awaiting Confirmation by Follow up. Recommendations relate to performance and finance monitoring and Essex County responses.
RSMN Petty Cash	306	1	2	2	30/06/2008	2		Complete. Recommendations relate to the revision of procedures and placing it on the hub.
LIFE Transfer Incentive Scheme	307	6	3	9	01/08/2008	8		Awaiting confirmation by follow-up. Recommendations relate to policies and procedures, advertising, objectives, documents, budget statements and performance objectives.
ENPR Alcohol Licenses	308	1	1	1	31/05/2008	1		Complete. 1 recommendation regarding budget reports.
CORM Best Value Perform Indicators	309		5	5	N/A	5		Complete - Recommendations relate to the compilation of the BVPI figures which are not on-going issues. Calculations have been amended to reflect the recommendations.
ENPR Building Control Fees	310	3	1	4	01/08/2008	4		Awaiting confirmation by follow-up. Recommendations relate to policies and procedures, advertising, objectives, documents, budget statements and performance objectives.
RSMN Construction Industry Scheme	315	2	2	2	30/09/2008	2		Awaiting confirmation by follow up. Recommendations relate to deduction statements and staff information
LIFE Equity Share Scheme	320	1	1	1	31/12/2008	1		Awaiting confirmation by follow up. Recommendation relates to the development of procedures.
ENPR Food Control	327	7	7	7	31/09/2008	7		Awaiting confirmation by follow up. Recommendations relate to procedures, financial management and target setting.
CORM Payroll	331	5	1	6	31/01/2009	5		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to testing of self service software, confirmation of establishment lists, starters checklist, evidence of checking exception reports and emergency payment procedures.
CUST Cash Office Procedures	302	2	2	2	On going	2		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to provision of services by Barclays Bank and reconciliations.
RSMN Benefits	311	1	1	1	01/12/2008	1		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to check of failed logins.
RSMN Benefits Investigations Team	313	1	1	1	31/12/2008	1		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendation relates to documented procedure version control.
RSMN Council Tax	314	4	1	5	01/12/2008	5		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendation relates to reconciliations, property inspections, new user access, recovery action system updates.
CORM Vending Machine	332	2	2	2	On going	2		Awaiting confirmation by follow up. Recommendations relate to taking of usage readings and reconciliations.
LIFE Anchor Trust - Staying Put	333	1	1	2	30/09/2008	2		Awaiting confirmation by follow-up. Recommendations related to invoices and reports.
LIFE Landscape Management	349	5	1	6	31/08/2009	6		Not due yet. Recommendations relate to contract with Veolia, contract variations, authorisation of invoices, dealing with complaints and hire agreement forms.
RSMN Benefits Overpayment	312	3	3	3	30/11/2008	3		Awaiting confirmation by follow up. Recommendations relate to user access, signing and dating enforcement reports and procedure for production of exception reports.

Service/Assignment		P1	P2	P3	Priority Total	No. Agreed	Date Due	Implemented Fully	Part. Not	Not Due	Comments
RSMN D-cal	319	1	7	8	7	01/01/2009	7				Awaiting confirmation by follow up. Recommendations relate to cardholder account documentation, confirming users and limits with heads of service, authorised signatories on account notification to Barclays, D-cal procedure notes, types of expenditure and possible use of purchasing cards.
LIFE Highwoods Sports Centre	321		4	1	5	31/03/2009	4	3	1		Awaiting confirmation by follow up. Recommendations relate to procedures for casual bookings, vending stock checks, de minimis amounts, disciplinary procedures, completion of delivery check lists.
LIFE Leisure World	323		11	1	12	30/10/2009	11			11	Not due yet. Recommendations relate to till procedures, outstanding accounts, block booking forms, vending machines, booking forms, wastage sheets, lost property and stock control.
CORM Sickness Absence Management	325		5		5	30/06/2009	4			4	Not due yet. Recommendations relate to course for new line managers, electronic sickness notification, timescales for return of sickness related documentation, long term sickness procedures.
RSMN Business Continuity	328	1	3		4	30/07/2009	4			4	Not due yet. Recommendations related to minutes of meetings to discuss Business Continuity Planning, content of Business Continuity Plan, Incident Management Plan, making Business Continuity Plan accessible via the Hub.
CORM Freedom of Information	329		6		6	31/03/2009	6	5	1		Awaiting confirmation by follow up. Recommendations relate to Freedom of Information procedures, Publication Scheme, need for formal responses and activity reports to heads of service and FASP.
RSMN NNDR	334		5	1	6	01/01/2009	6	6			Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendation relates to reconciliations, new user access, reporting to bailiffs, property inspections and review of exemptions.
RSMN Treasury Management	335	1	1		2	31/01/2009	2				Awaiting confirmation by follow up. Recommendations related to review of Annual Investment Strategy and Investments and Loans reconciliation to ledger.
RSMN Asset Register	336		4	1	5	30/09/2009	5			5	Not due yet. Recommendations related to updating asset register, asset verification programme, capital charges review, reconciliation of Asset Register to General Ledger and property and vehicle databases.
STSE Waste Management	340	1	4	1	6	31/10/2009	6			6	Not due yet. Recommendations relate to signing of contracts, interim agreement for provision of waste services, checking booking sheets by sub contractor, keeping waste agreements, matching of Duty of Care notes and charges.
SPRE Community Stadium	341		9		9	31/07/2009	9			9	Not due yet. Recommendations relate to copy of advertisement, tender process issues, insurance coverage, ToR for overseeing groups, draft charge orders and charge orders being kept on file and post project review.
RSMN General Ledger	342		3		3	31/04/09	3	3			Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to regular and timely review of control account and cash and bank reconciliations, review of movements in suspense by an independent officer.
RSMN Debtors	343		2	1	3	30/06/2009	3			3	Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to procedure notes for receivables team, independent check to a sample of movements in suspense, signing of monthly aged balances report following a review.
RSMN Creditors	344		1		1	31/12/2009	1	1			Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to procedures being dated and signed at the point of change.

Service/Assignment		P1	P2	P3	Total	No. Agreed	Date Due	Fully Implemented	Not Due	Comments
RSMN Risk Management	347		5	1	6	6	30/09/2009		6	Not due yet. Recommendation relates to Risk Management Strategy review by Cabinet, operations risk register update for new structure, consistency of approach to impact and occasions of risk, operational risks 6 monthly review, action plans at service level and reporting arrangements.
SPRE Corporate Governance CBH	351		2	1	3	3	30/09/2009		3	Not due yet. Recommendations relate to CBC Memorandum and Articles of Association being available on website, induction checklists for Board Members, control document creation for all policies and strategies.
SPRE Housing Rents CBH	501		1	1	2	2	31/03/2009	2		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to new user request forms and changes in user rights.
SPRE Management of Expenditure CBH	503		1		1	1	03/06/2009	1		Managed audit performed annually. Will be confirmed during 09/10 audit. Recommendations relate to Clerk of Works handover being completed signed and dated at the time of the handover.
2007/08		4	122	21	152	146		85	2	57
CORM Financial Assistance Policy	205		4		4	4	15/02/2008	3	1	Awaiting confirmation by follow-up. Recommendations related to creating a formal policy, updating procedures, requiring 2 quotes for work and reconciliations.
CORM Right to Buy	206		3	2	5	5	31/12/2007	3	2	Awaiting confirmation by follow up. Procedure now on the intranet. Remainder of recommendations related to policies, completion of forms and processing of payments.
ENPR Planning Fees & S106 Agree	208		3		3	3	31/03/2008		3	Resolution dependant on software supplier - relates to the production of system audit trails and changes to information. Also recommended that it should be ensured that S106 funds are used for purpose agreed.
ENPR Council Mortgages	209		7		7	7	31/07/2007	7		After follow up 4 Fully implemented, 1 no longer applicable and 2 will not be implemented due to change of circumstances. Recommendations related to reconciliations, procedural arrangements with the new contractors and management reporting
LIFE Procurements - Marketplace	210		4		4	4	31/03/2008	3	1	Awaiting confirmation by follow-up. 1 recommendation is no longer applicable. Recommendations related to delegating limits, system back-ups, order raising and staff usage.
RSMN Environmental System	221		8	5	13	10	30/06/2008		10	Awaiting confirmation by follow-up. Recommendations relate to access controls, data quality and contract management.
RSMN Firstsite:Newsite	229		4		4	4	31/08/2008	4		Awaiting confirmation by follow up. Recommendations relate to recording of tenders, negotiations, changes to the scheme and a project brief.
SPRE Museums - Merged Service	233	1	10		11	8	31/12/2008	8		Awaiting confirmation by follow up. Recommendations related to financial records, procedures and stock and asset control.
SPRE Reprographics Contract	235		9		9	9	31/10/2008	9		Awaiting confirmation by follow up. Recommendations relate to procedures, spot checks, performance measures, customer questionnaires, VAT, contract meetings, insurance and performance bonds.
SPRE Renaissance Programme Management Arrangements	231		2	2	4	4	01/10/2008	4		Awaiting confirmation by follow up. Recommendations relate to document retention, scheme of delegation, workstation assessments and monitoring audit recommendations.
TOTAL FOR ALL YEARS		1	54	9	64	58		41	17	0
		5	176	30	216	204		126	19	2
										57

