

Finance and Audit Scrutiny Panel

Grand Jury Room, Town Hall
28 September 2010 at 6.00pm

The Finance and Audit Scrutiny Panel deals with the review of service areas and associated budgets, and monitors the financial performance of the Council. The panel scrutinises the Council's audit arrangements and risk management arrangements, including the annual audit letter and audit plans, and Portfolio Holder 'Service' decisions reviewed under the Call in procedure.

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

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Access

There is wheelchair access to the Town Hall from St Runwald 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.

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Terms of Reference

Finance and Audit Scrutiny Panel

- To review all existing service plans and associated budget provisions against options for alternative levels of service provision and the corporate policies of the Council, and make recommendations to the Cabinet
- To have an overview of the Council's internal and external audit arrangements and risk management arrangements, in particular with regard to the annual audit plan, the audit work programme and progress reports, and to make recommendations to the Cabinet
- To monitor the financial performance of the Council, and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors
- To scrutinise the Audit Commission's annual audit letter
- To scrutinise executive 'service' decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel through the call-in procedure

The panel may a) confirm the decision, which may then be implemented immediately, b) refer the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the Panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.

**COLCHESTER BOROUGH COUNCIL
FINANCE AND AUDIT SCRUTINY PANEL
28 September 2010 at 6:00pm**

Members

Chairman : Councillor Dennis Willetts.
Deputy Chairman : Councillor Christopher Arnold.
Councillors Jon Manning, Kim Naish, Gerard Oxford,
Nick Cope, Scott Greenhill, Sue Lissimore, Colin Mudie and
Colin Sykes.

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 and items 6 to 9 are standard items for which there may be no business to consider.

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 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 - 12

To confirm as a correct record the minutes of the meetings held on the following dates;

17 August 2010

31 August 2010

7 September 2010

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. Items requested by members of the Panel and other Members

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.

8. Referred items under the Call in Procedure

To consider any Portfolio Holder decisions, taken under the Call in Procedure.

The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.

9. Decisions taken under special urgency provisions

To consider any Portfolio Holder decisions taken under the special urgency provisions.

10. Colchester Visual Arts Facility

13 - 25

See report from the Audit Commission with covering report from the Head of Resource Management.

Ms. Debbie Hanson and Mr. Geoff Bemrose from the Audit Commission will attend the meeting for this review.

11. Internal Audit Monitor 2010-11 - April to June

No page numbers

See report from the Head of Resource Management.

12. Work Programme

42 - 43

See report from the Scrutiny Officer.

13. 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).

FINANCE AND AUDIT SCRUTINY PANEL

17 AUGUST 2010

Present :- Councillor Dennis Willetts (Chairman)
Councillors Nick Cope, Scott Greenhill, Sue Lissimore,
Jon Manning, Colin Mudie, Kim Naish, Gerard Oxford
and Colin Sykes

Also in Attendance :- Councillor Paul Smith
Councillor Tim Young

14. Apologies

Councillor Arnold gave his apology for not attending the meeting.

15. Minutes

The minutes of the meeting held on the 27 July 2010 was confirmed as a correct record subject to the following amendments.

Added, was Councillor Naish's apology for not attending the meeting.

A final paragraph to item 11. 2009-10 Risk Management Summary was added, to read; "Councillor Sykes commented on the clarity of the colour coded slide illustrating the quarterly one risk matrix, saying it provided clear identification to those with colour blindness. Councillor Sykes thanked officers for producing the colour slide".

Councillor Colin Mudie and Councillor Kim Naish (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Colin Sykes (in respect of his spouse being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Gerard Oxford (in respect of his spouse being the former Portfolio Holder for Neighbourhoods) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

16. Progress report on the Capital Improvement Programme (Decent Homes)

Councillor Tim Young, Portfolio Holder for Housing and Community Safety and Mr. John Rock, Contracts Risk and Service Manager attended the meeting for this item.

Mr. Rock gave a comprehensive presentation of the Progress report on the Capital Improvement Programme (Decent Homes Programme), explaining in detail the process that had led to this item being reviewed by the panel, the work involved in the validation of the declared numbers of Decent Homes by Inspace, the levels of work to be carried out against the Decent Homes Standard, the Assessment of cost, the procurement route taken and finally, the robust controls and monitoring arrangements put in place for all future works.

In response to Councillor Willetts, and later to Councillor Sykes, Mr. Rock said he was confident the current three partners of the Capital Improvement Programme, Colchester Borough Council, Colchester Borough Homes (The Contract Administrator) and the contractors fully understand the details of the new contracts and their roles, and that there would not be a repeat of what had transpired before. Councillor Young said the new arrangement was that of a more traditional contract, a standard format within the industry, more fully understood by all three partners, with more robust and clearly defined contractual arrangements, and he along with Councillors Beverley Oxford and Paul Smith is confident it will work.

With a signed contracts now in place, together with controls and monitoring arrangements, Mr. Rock confirmed to Councillor Willetts that he would provide members with the year one work programme (to March 2011) itemising by ward and the number of installations by type.

Councillor Gerard Oxford believed lessons had been learnt from the previous contract arrangements and what was now in place was a great improvement and would hopefully deliver the Decent Homes Programme within the prescribed timescale. In response to Councillor G. Oxford, Mr. Rock confirmed that in regard to “a reasonable degree of thermal comfort”, a property with single glazing doesn’t necessarily mean it will fail the Decent Homes Standard. Mr Rock further explained that there is a long term Asset Management Strategy being developed in conjunction with Colchester Borough Homes part of which will be to improve thermal efficiency which will for some properties mean amongst other things, installing double glazing.

Councillor G. Oxford congratulated the contractors for currently exceeding the customer satisfaction performance indicator targets set at 95%.

Mr. Rock and Councillor Young responded to Councillor Lissimore in regards to properties brought up to a decent standard and then vandalised or damaged by tenants. Councillor Young explained that any repairs are financed through the housing repairs funds, separate to the Decent Homes Programme, and the Housing Management Team in Colchester Borough Homes deal with the tenancy issues in regards to the damaged property, e.g. reimbursement of repair costs.

Mr. Rock confirmed to Councillor Willetts that the Asset Management Database now ensures there is no duplication of works to properties.

Mr. Rock explained to Councillor Greenhill that the estimated total cost of £12.825 million was a statement of the position at March 2010 to deliver decency by December 2012.

RESOLVED that the panel;

- i) Noted with satisfaction the progress on the Capital Improvement Programme (Decent Homes).
- ii) Requested a copy of the year one work programme (to March 2011) itemising by ward the number of installations by type.
- iii) Requested a briefing note from the Head of Strategic Policy and Regeneration on energy efficiency, more specifically thermal comfort in homes and the longer term commitment to the energy efficiency of the stock.

Councillor Colin Mudie and Councillor Kim Naish (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

17. 2010-11 Capital Monitor

Councillor Paul Smith, Portfolio Holder for Resources and Diversity and Mr. Steve Heath, Finance Manager attended the meeting for this item. Mr. Heath presented the Capital Expenditure Monitor report.

In response to Councillor Willetts, Mr. Heath confirmed that a report to Cabinet on the review of capital expenditure will be drafted in late September to be reviewed by the Cabinet thereafter.

Councillor Smith responded to Councillor Willetts, explaining there would be no additional capital commitment by Colchester Borough Council to the overall £6.6 million internal fit-out of the Visual Arts Facility (funded by Arts Council East, Essex County Council and Colchester Borough Council), though it was envisaged that part of the 'compensation bond' money would be released to be used towards the fitting-out. It was confirmed that at present, no contracts for this work had been signed.

Councillor Smith confirmed to Councillor Oxford that the Mandatory Disabled Facilities Grants are all committed to be spent, and whilst there was no degree of certainty on the demand for this work, he would be happy to provide members with a profile of outstanding works and associated costs.

Councillor Oxford said whilst he was appreciative of the Disability Discrimination Act (DDA) works undertaken at the Town Hall, there still remained a problem with the Council Chamber loop system, confirmed by Councillor Willetts, and wheel chair access to the Chamber. Councillor Oxford believed the Council should be mindful that the Town Hall is not completely DDA compliant.

Councillor Smith confirmed to Councillor Lissimore that although the £48,000 funding for the Castle Park Play builder programme for play provision for 8 – 13 year olds had been withdrawn, the Council had now reverted to the original plan to fund this with

Section 106 money, with a mix of borough and ward commitment.

Councillor Smith said he would arrange to provide members with an update on how the £21,000 has or will be spent on the improvement of pathways in Monkwick.

RESOLVED that the Panel;

- i) Noted the level of capital spending during 2010 -11 and forecasts for future years.
- ii) Requested a briefing note from the Portfolio Holder for Resources and Diversity providing members with a) a profile of outstanding works and associated costs in respect of Mandatory Disabled Facilities, and b) an update on how the £21,000 has or will be spent on the improvement of pathways in Monkwick.

18. 2010-11 Financial Monitor April - June

Councillor Paul Smith, Portfolio Holder for Resources and Diversity and Mr. Sean Plummer, Finance Manager attended the meeting for this item. Mr. Plummer presented the Financial Monitoring Report for April to June 2010, pointing out that all service budget forecasting was being reviewed for both the current year and 2011-12, trying to identify savings that would be reported at the half year report stage.

Councillor Smith, in response to Councillor Willetts said as the year progresses more accurate budget assessments can be made. There had been a difficulty with e.g. withdrawal of grants such as the Housing and Planning Delivery Grant (a year early, with no clarification yet on the replacement new scheme), the loss of the LABGI (Local Authority Business Growth Incentive Scheme) grant and the withdrawal of LAA (Local Area Agreements) project funding, all causing funding shortfalls, though every effort will be made to bring service budgets in on budget.

In response to Councillor Cope, Mr. Plummer said officers are looking at Cemetery and Crematorium costs with a view to reduction, aware that the trend in income is downward. Councillor Smith said this was primarily due to the rise in life expectancy and competition from other crematoriums.

RESOLVED that the panel noted the financial performance of General Fund Services and the Housing Revenue Account in the first three months of 2010/11.

19. Work Programme

RESOLVED that members noted the current 2010/11 Work Programme.

FINANCE AND AUDIT SCRUTINY PANEL 31 AUGUST 2010

Present :- Councillor Dennis Willetts (Chairman)
Councillors Nick Cope, Scott Greenhill, Sue Lissimore,
Jon Manning, Kim Naish and Colin Sykes

Substitute Members :- Councillor Elizabeth Blundell
for Councillor Christopher Arnold
Councillor Bill Frame for Councillor Colin Mudie
Councillor Philip Oxford for Councillor Gerard Oxford

Also in Attendance :- Councillor Paul Smith
Councillor Gerard Oxford
Councillor Beverley Oxford
Councillor Martin Hunt
Councillor Christopher Garnett

20. Have Your Say!

Councillor Beverley Oxford addressed the Panel saying that given the planning permission on the proposed travellers site had expired, why were members being asked to consider a decision taken by the Portfolio Holder to approve the draft heads of terms agreed with Essex County Council for the letting of the proposed site.

Councillor B. Oxford believed Essex County Council are determined to go ahead with this site regardless of the future planning permission. Councillor B. Oxford said blame must, to some degree, be put on Colchester Borough Council who had not instructed Essex County Council to stay off the land of the proposed site, and had done nothing to protect the current leaseholder of the land of the proposed site.

Councillor B. Oxford concluded by saying she was frustrated that her objections and those of members of the public in regards to this site had been ignored.

Councillor Beverley Oxford (in respect of her long standing campaigning on the proposed Severalls Lane East Travellers Site) declared a personal interest in the following item which is also a prejudicial interest pursuant to the provisions of Meetings General Procedure Rule 7(10)

Councillor Gerard Oxford (in respect of his long standing campaigning on the proposed Severalls Lane East Travellers Site) declared a personal interest in the following item which is also a prejudicial interest pursuant to the provisions of Meetings General Procedure Rule 7(10)

21. Referred items under the Call in Procedure

Councillor Gerard Oxford attended the meeting and presented the case for the call-in, explaining that he believed the decision did not give due regard to consultation or give

due weight to all material considerations.

Councillor G. Oxford explained in detail why he believed the decision was flawed, namely;

Paragraphs 4.3 and 4.4 of the report gave details of negotiations on the principal terms and conditions of a lease, the subsequent review of funding by Essex County Council (ECC) with the project being put on hold until recently when ECC advised that they wished to proceed urgently and to complete the lease on the previously negotiated terms, and the current letting arrangements. Paragraph 5.1.2 explained the lease will commence upon completion of the development works in accordance with the planning permission. Councillor G. Oxford said the call-in of this decision could not be completed before 23 August when the existing planning permission expired, and therefore the lease should not be granted, and as such the approval to proceed as set out in paragraphs 5.2. should also fall.

Councillor G.Oxford said paragraph 5.1.4, providing details of the site rent did not explain what investigations have been completed to ensure that the rent is an open market rate, paragraph 5.1.6 concerning the occupation licence contradicted some of the detail within the Council's own lease agreement, and paragraph 5.1.7 made a presumption that there was going to be damage done to trees, shrubs and other landscaping damaged, removed or neglected.

Councillor G.Oxford said paragraph 5.1.10, detailing the management of the site gave no assurances that on site management would continue for the duration of the lease as there had been suggestions that ECC will no longer have managers on-site.

In conclusion, Councillor G. Oxford asked the panel to refer the decision back to the Portfolio Holder for reconsideration.

Councillor Smith, Portfolio Holder for Resources and Diversity responded to the case presented by Councillor G. Oxford, explaining that he felt he was in a curious position of signing off a decision that he remembered opposing when the original decision was made in 2004. He said he had not changed his mind, but to change Council policy was not in the gift of the Portfolio Holder or Cabinet, though he accepted the criticisms of the actions of ECC.

Councillor Smith said the decision taken was repeating the decision originally taken by the previous administration, and was not assuming one way or the other as to whether planning permission would be given, and a lease would not be granted if planning permission failed.

The commensurate rent would be £600 per annum, a figure Councillor Smith said was recommended to him by officers and was based on current agricultural land rent as land prices for comparable sites was not available in Essex due to ECC owning all other traveller sites. Councillor Smith later responded to Councillor Frame, explaining that ECC had not been forthcoming in providing a valuation of the site, so therefore as undeveloped land it was valued as agricultural land.

In response to Councillor Blundell, Councillor Smith said he did not feel sufficiently strongly against the decision that had to be taken to consider not signing the decision and resigning from his role of Portfolio Holder.

In response to Councillor Frame, Councillor Smith said it was logical to sign off the decision when presented to him. He said he had no idea the decision would be called-in, and like all commercial site proposals, they are acted upon as soon as possible.

Councillor G.Oxford responded to Councillor Frame, saying he did not know whether the licence was of a standard format, but had noticed differences in the detail within the licence and the Council's own lease agreement.

Councillor Smith confirmed to Councillor Lissimore that the decision to be taken had been discussed by Cabinet members with an agreed approach taken to treat this application as soon as possible as all other normal applications.

Councillor Smith reassured Councillor Naish that whilst ECC could impose terms and conditions on occupiers of sites, these could not be in conflict with the lease agreement between Colchester Borough Council and ECC.

Councillor G. Oxford and Councillor Smith gave brief summaries on their respective positions following the debate.

Councillors Gerard Oxford and Beverley Oxford, having previously declared personal and prejudicial interests on this item left the meeting while the panel concluded their final deliberations. Mr. Mike Shorten, Estates Manager joined the panel to provide further explanations on detail.

Mr. Shorten explained that it was common practice that commercial transactions are conditional on planning consent or other items. The panel agreed with Councillors Manning and Cope who concluded that there was little merit in suggesting the lease should not be granted given the Portfolio Holder had assured the panel this commercial agreement was being dealt with like all other normal applications.

Mr. Shorten confirmed the site rent agreed in 2004 and 2007 was done as described by the Portfolio Holder, Councillor Smith. Officers had discussed details of site rent with ECC representatives and jointly agreed that due to increase costs it would be inappropriate to also increase the rent of £600 per annum, a figure based on agricultural land prices that had not increased since 2007. The land has been assessed as graded 2, 'set aside' land. Mr. Shorten also confirmed that whilst he agreed with Councillor Lissimore that agricultural land had increased in value since 1995, and was expected to double from 2010 to 2012, it had remained stable since 2007. The panel confirmed that they was satisfied with the commencing rent of £600 per annum and did not think this was a reason to refer the overall decision back to the Portfolio Holder.

Following previous clarification by the Portfolio Holder, the panel again concluded that the proposals within paragraphs 5.1.6, 5.1.7 and 5.1.10 were acceptable and did not

warrant referral back to the Portfolio Holder.

Paragraph 5.1.9 stated it was the Council's responsibility to ensure the site would not be used in any way that would cause annoyance or nuisance to local residents or businesses, and whilst this had not been discussed by Councillors G. Oxford or Smith, Councillor Lissimore felt this was an issue worthy of referral to the Portfolio Holder on the basis that more detail was needed in terms of environmental protection for local residents. Councillor Manning believed this would be dealt with by other legislation at the planning permission stage. The panel concluded that this proposal did not provide evidence to consider referring the decision back to the Portfolio Holder.

The panel did not accept the proposal by Councillor P. Oxford and seconded by Councillor Naish that the decision should be referred back to the Portfolio Holder to reconsider based on the issues raised by Councillor G. Oxford.

RESOLVED that the panel confirmed the decision RES-003-10 Proposed Travellers Site, Severalls Lane East, Colchester (SEVEN voted FOR, and TWO voted AGAINST). One member abstained.

FINANCE AND AUDIT SCRUTINY PANEL 7 SEPTEMBER 2010

- Present :-* Councillor Dennis Willetts (Chairman)
Councillors Christopher Arnold, Scott Greenhill,
Jon Manning, Colin Mudie, Kim Naish and
Gerard Oxford
- Substitute Members :-* Councillor Barrie Cook for Councillor Nick Cope
Councillor Jackie Maclean for Councillor Sue Lissimore
Councillor Bill Frame for Councillor Colin Sykes
- Also in Attendance :-* Councillor Tina Dopson
Councillor Tim Young
Councillor Kevin Bentley
Councillor Martin Goss
Councillor Pauline Hazell
Councillor Beverley Oxford
Councillor Mike Hardy

22. Referred items under the Call in Procedure

Councillor Sue Lissimore attended the meeting and presented the case for the call-in, explaining that she believed the decision was flawed, as no consultation had taken place with local residents or visitors to the park. There was no clarity or aims and desired outcomes due to the lack of information on the number of visitors and the reason and period of time for their visit. Councillor Lissimore said the action proposed must be proportional to the desired outcome which is uncertain due to the lack of consultation, and results may not match the report due to the uncertain nature of the figures.

Councillor Lissimore said the Council needed new and innovative funding streams to bring in new revenue, but this decision was against the Council's policy on healthy living, with proposals based on cloudy and unsubstantiated information, due to a lack of consultation.

Councillor Lissimore said a lot of the information described in the report was not backed-up by evidence that would allow for a more accurate considered opinion, with a lot of information based on pure guesswork.

In conclusion, Councillor Lissimore said the lack of information and facts within the report made the decision unacceptable, and given the possible small amount of profit generated from the proposed scheme in the first year, relied on too tight a financial margin to be credible. Councillor Lissimore asked the panel to consider referring the decision back to the Portfolio Holders, for them to agree to a full survey and impact assessment, and for the results to be pre-scrutinised by the Finance and Audit Scrutiny Panel prior to implementation.

Councillor Dopson, Portfolio Holder for Communities and joint signatory to the decision addressed the panel in the absence of Councillor Hunt to respond to the case presented by Councillor Lissimore. Councillor Dopson explained that in a different time

she may have called this decision in herself.

That said, Councillor Dopson said the quantitative information within the report had not been plucked out of the air, guesswork, but was information based on estimates calculated by experienced officers in full knowledge of the operations at the High Woods Country Park car park.

Councillor Dopson said in terms of Healthy Living, actually choosing to go to the country park by car was not a particular healthy option, but accepted some visitors do come from many miles away.

Councillor Dopson confirmed that no formal consultation has taken place, but the High Woods Country Park Plan will take place by 2011 where any parking order will have to be supported by consultation. Later, Councillor Dopson confirmed that informal discussions had taken place with the local Queen Boudicca School, to allow parents an opportunity for limited short stay parking. The implementation of this decision will be in the knowledge of any local consultation.

Councillor Dopson believed the proposed charges are fair and reasonable, and demand will eventually exceed capacity, and the expertise of the Parking Services Manager on parking arrangements in the Borough, that such is his knowledge, he was able to advise both Uttlesford District Council and Essex County Council.

Councillor Dopson concluded by saying Councils are being encouraged to find new ways of generating income, and this was one opportunity to do it, accepting it will deter some current visitors.

Have Your Say

Councillor Bentley addressed the panel saying that whilst he understood the need to save money and increase income, he was concerned at the apparent rush of this decision that did not appear to have the consultation and fact finding information needed to support the decision taken.

Councillor Bentley said the High Woods Country Park was a gift to the residents of Colchester to recompense for the development of High Woods, where residents and visitors alike could go to get away from the general hubbub of urban life.

The new charge was, Councillor Bentley believed, systematic of the relentless pursuit of penalising the motorist. Many motorists visiting the country park would avoid charges and cause more congestion by parking in residential roads close to the park.

Councillor Bentley concluded by asking whether the future changes in the size of minted coinage and the effect of this on the parking machines had been considered, given any new machine(s) would, not long after implementation, need changing. Councillor Bentley did not think the decision was sensible, would not generate a lot of income and betrayed the legacy of the park to the people of Colchester.

Later, and in response to Councillor Mudie and Bentley, Councillor Dopson said any changes to coin machines as a result of any change to the size of minted coinage

would be subject to future decisions.

Councillor Goss addressed the panel saying that whilst he agreed with the credentials of the Parking Services Manager he still believed the implementation of this decision would result in increased congestion in the surrounding residential roads, though a previous parking survey for Essex County Council in 2009 had concluded the impact from vehicles for the Primary Care Trust was not large.

Councillor Goss believed the estimated parking income generated was unreliable, and was disappointed that the local Parish Council had not been notified of this decision. Councillor Goss concluded by urging the Portfolio Holder to reconsider the decision.

In response to Councillor Willetts, Councillor Goss said he had not handed the information he received from Essex County Council to the Portfolio Holder(s).

Councillor Hazell addressed the panel saying in terms of healthy living lifestyles, the park was an oasis, free of charge, a boom for residents during these hard times. Councillor Hazell echoed the remarks of Councillor Bentley, saying free entry to this green space for the people of Colchester should continue.

General discussions

Councillor Dopson confirmed to Councillor Willetts that consultation with residents would be undertaken prior to the implementation on the car park charging proposals.

Councillor Dopson confirmed to Councillor Arnold that the method of implementation of this scheme was no different to that taken at Colchester Leisure World, be it that the charging in both cases was different from the outset, that is, no charges to users of the Leisure World facility (the cost of parking at Leisure World was reimbursed when paying to enter Leisure World). Councillor Dopson hoped, and anticipated that many local visitors to the country park would use alternative means of travel, though she believed the 50 pence charge for a visit for up to 2 hours was not prohibitive.

In response to Councillor Arnold's suggestion of limiting the hours of parking (part day parking) would not alleviate the outlying areas parking congestion concerns expressed by Councillors Lissimore and Goss.

In response to Councillors Manning and G. Oxford, Councillor Dopson said the lack of detail within the report would be addressed at the time of consultation, prior to any implementation of the scheme, and any pre-decision consultation had not been considered given the need to keep implementation costs to a minimum.

Councillor Lissimore confirmed to Councillor Naish that she did not consult with local ward councillors over this decision, but felt the need, and a duty, to represent and protect the residents of Colchester over the decision taken. Councillor Dopson confirmed to Councillor Naish that she became the Portfolio Holder for Communities in May 2010 just after the refurbishment of the Country Park car park, though discussions that ultimately led to this decision had been ongoing for a year or more. Councillor Dopson also confirmed that if this decision was not implemented any future budgetary considerations would need to reflect this.

Councillor Frame still remained unconvinced and concerned by the costings within the financial plan, believing the management costs to be unrealistic.

In response to Councillor Mudie, Councillor Dopson said that the initial charge of 50 pence was not prohibitive, and whilst there is no thought of increasing the charge, Cabinet members must always be prepared to re-evaluate fees and charges. The preferred pricing structure for the car park, as shown under option 2 of the report, are considered fair charges, without being in competition with the hospital parking scheme.

In summary

Councillor Lissimore gave a brief summary on her position following the debate, and concluded by asking the panel to consider referring the decision back to the Portfolio Holders, for them to agree to a full survey and impact assessment, and for the results to be pre-scrutinised by the Finance and Audit Scrutiny Panel prior to implementation.

Councillor Dopson gave a brief summary on her position following the debate, saying any early consultation, that is, a consultation before the parking order consultation would, she was advised, be an inappropriate cost and disproportionate to the decision taken. Councillor Dopson stood by her decision, but said she would be happy to enter into further discussions with members on details of the consultation beyond the decision taken.

Conclusion

The Chairman gave a brief summary of the issues raised by members. The information within the report was considered to be flawed, with a need for better, more informative data, much of which could have been provided by a resident and visitor survey. There remained concern that charging for parking at one of the country park's car parks would move these users to the other country park car park, and members of the panel expressed a need for more information that would provide confidence in the delivery of the aims.

Councillor Arnold proposed referring the decision back to the Portfolio Holders to reconsider, given the reservations expressed by members of the panel.

Councillor Naish proposed that the panel accepted the decision taken by the Portfolio Holders, and agree the charges as set out in option 2 of the report.

Councillor Frame supported the deferral of the decision back to the Portfolio Holders, due to the lack of consultation, and the uncertainty of the charging figures that were not credible. Councillor Maclean seconded the proposal of Councillor Arnold.

RESOLVED that the panel referred the decision "COM-006-10 / STS-001-10 High Woods Country Park – car park charging proposals" back to the Portfolio Holders for further consideration, taking account of the reservations and suggestions of the panel (NINE voted FOR, and ONE voted AGAINST).



Finance & Audit Scrutiny Panel

Item
10

28 September 2010

Report of	Head of Resource Management	Author	Elfreda Walker
Title	Audit Commission Follow Up Report 'Colchester Visual Arts Facility'		
Wards affected	Not applicable		

This report concerns a follow up report on the Colchester Visual Arts Facility prepared by the Audit Commission.

1. Decision Required

- 1.1 To note the follow up report on Colchester Visual Arts Facility prepared by the Audit Commission.

2. Reasons for Decision

- 2.1 The Audit Commission carried out an audit review of the Visual Arts Facility and issued a report in April 2009. The report documented the issues concerning funding, the performance of the appointed contractor and the measures that had been put in place by the funding partners to overcome these problems.
- 2.2 A follow up report has been issued, which considers progress on the project, its current funding position, ongoing commitment of the partners and the robustness of future plans to ensure that the Visual Arts facility is completed and is fit for purpose. The follow up report also evaluated progress against the recommendations made in the April 2009 report.

3. Alternative Options

- 3.1 None

4. Supporting Information

- 4.1 The April 2009 report included 5 recommendations that the Council and its funding partners should implement to ensure the timely and cost effective completion of the Visual Arts Facility:
- 4.2 It was recommended that 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;
 - there are robust costed plans for completion which are SMART and established on a robust and enforceable contractual basis;
 - risks and plans for their mitigation are accurately detailed and monitored in an open and transparent manner;
 - progress with the delivery of the plans, against allocated budgets, is monitored in an open and timely manner; and

- improvements to communication lead to the sharing of consistent and accurate information about the project both internally and externally.

4.3 The progress made in implementing these recommendations has been reported to FASP on a quarterly basis.

4.4 The Audit Commission follow up report has made a recommendation concerning the delivery of phase 2 of the project. The progress made in implementing the recommendation will be reported to FASP on a quarterly basis until fully implemented. The report is attached at Appendix 1.

4.5 The summary conclusion of the latest report is that:

'There is increasing confidence amongst the funding partners and the Council that the first phase of the VAF project will be completed in the revised timescales and budget. Project management has improved significantly and progress against agreed plans is good. Agreements, in principle, are now in place to provide the additional resources required to complete the second and final phase of the project. Despite this some significant risks remain in relation to both ongoing cost uncertainties and the potential impact of further delays and cost reductions on the future use of the building.'

5. Proposals

5.1 To note the follow up report on Colchester Visual Arts Facility prepared by the Audit Commission.

6. Standard References

6.1 Publicity Considerations

This is a high profile project and there continues to be significant interest from the public and press in the progress of the project. To maintain the open and transparent approach this Council has adopted to this project it is suggested that the Audit Commission report is put on the Council's website.

6.2 There are no particular references to the Strategic Plan or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

Background Papers

There are no background papers.

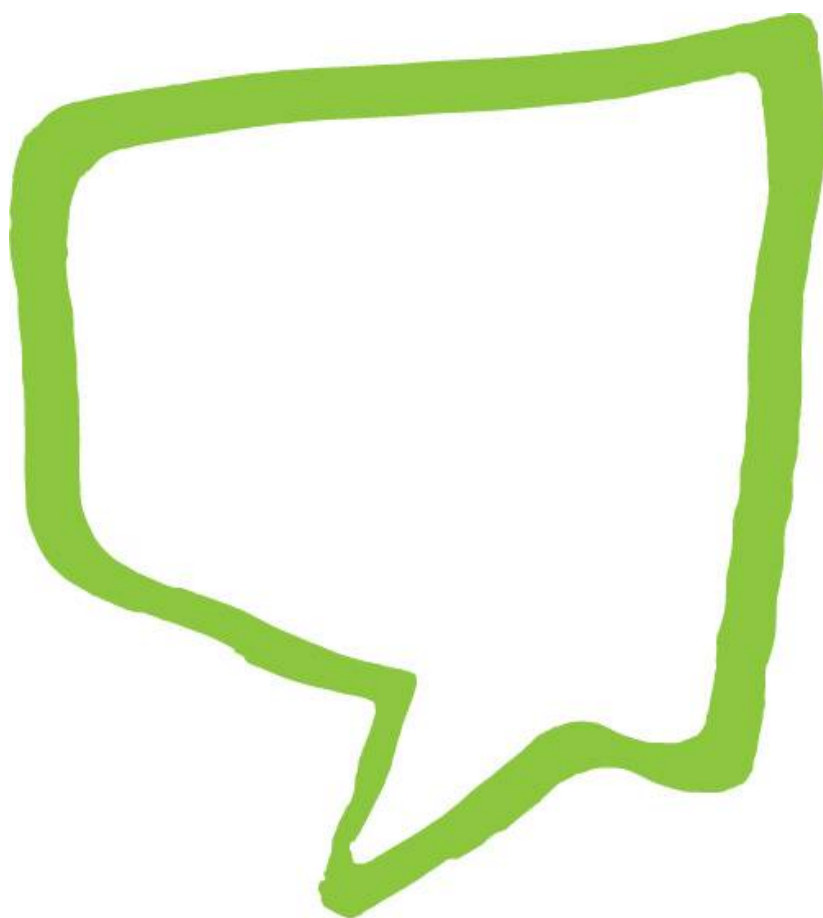
Colchester Visual Arts Facility

Follow up

Colchester Borough Council

Audit 2009/10

June 2010



Contents

Background	3
Scope and objectives	4
Audit approach	5
Conclusions	6

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.

Background

- 1 The proposal to develop a visual arts facility in Colchester was drawn up in 2003. It was planned to provide new accommodation for 'firstsite', a contemporary visual arts organisation based in Colchester. Work commenced in 2006, but was halted in January 2008 because of a dispute between Colchester Borough Council (the Council), which is the client lead for the project, and the contractor at that time, as to whether the value of work completed had exceeded the financial cap of £12.736 million allocated to complete the building.
- 2 An initial view was taken that the expected costs of completing the building would exceed the funds made available by £2 million. However subsequent work by quantity surveyors, in the summer of 2008 identified further risks and costs which projected an additional shortfall of £7.6 million, increasing the total project costs, that is a completed and functional building, to around £25.5 million. In September 2008, after prolonged negotiation, the Council entered into a supplemental contract with its contractor to make the building airtight and watertight at a total cost of £14.22 million for the building element of the work with an agreed completion date of 22 May 2009.
- 3 The plans to deliver an airtight and watertight building were not delivered and as at December 2009 the building remained incomplete. There is now agreement between the main stakeholders to ensure that the project is completed. New project managers have been appointed and additional funding has been made available by the Arts Council and Essex County Council to complete the project. Currently progress against targets to make the building airtight and watertight by May 2010 is on track.

Scope and objectives

- 4 The review has considered progress on the project, its current funding position, in particular the ongoing commitment of partners to the funding arrangements, and arrangements for alternative sources of funding if current arrangements fail. It also considers the robustness of future plans to ensure that Visual Arts Facility is completed and is fit for purpose.
- 5 We have evaluated progress against the recommendations of a previous review of the visual arts facility published by the Audit Commission in April 2009. Specifically that:
 - there is sufficient capacity to act as an intelligent client in the final phase of the project;
 - there are robust costed plans for completion which are SMART and established on robust, enforceable and costed basis;
 - risks and plans for their mitigation are sufficiently detailed and are monitored in an open and transparent manner;
 - progress with the delivery of the plans against allocated budgets is monitored in an open and timely manner; and
 - improvements to communication lead to the sharing of consistent and accurate information about the project both internally and externally.

Audit approach

6 The work started in December 2009 and was completed in March 2010.

7 Document reviews included:

- internal reports and communications, including reports to the Executive, risk assessments and Cabinet minutes; and
- external reports and communications, including VAF funder's group minutes and reports to the external funding organisations.

8 Interviews included:

- councillors and senior officers of Colchester Borough Council; and
- representatives of the main funding agencies.

Conclusions

Summary Conclusion

- 9 There is increasing confidence amongst the funding partners and the Council that the first phase of the VAF project will be completed in the revised timescales and budget. Project management has improved significantly and progress against agreed plans is good. Agreements, in principle, are now in place to provide the additional resources required to complete the second and final phase of the project. Despite this some significant risks remain in relation to both ongoing cost uncertainties and the potential impact of further delays and cost reductions on the future use of the building.

Main Conclusion

- 10 There is confidence and commitment amongst all partners that the building of the visual arts facility (VAF) will be completed by May 2011. Progress against phase 1a of the project, which is to make the building air tight and water tight, is on time and within budget. There are high levels of confidence that an airtight watertight building will be made available in July 2010. At this stage, the risks of further deterioration of the building due to the elements will have been minimised. There is a sense of confidence amongst the partners that completion of the project is now achievable. The significant financial penalties, particularly for Colchester Borough Council, and loss of reputation for all funding partners are strong drivers for completion. There is a desire from all partner organisations to support the project through to completion.
- 11 Communications around the project have been transformed. Internal communications are now good and improving and funding partners now also feel that communications are good. Partners receive regular, timely reports on project progress and risks. Within the Council there is a commitment to disseminating all but commercially sensitive information as widely as possible. The Cabinet receives regular updates from project and funder meetings. Internal communications are effectively supported by the Council's own communications team and those of partner organisations. Partners are open about the project, its progress and the challenges it faces.
- 12 Partners have identified significant improvements to project management in phase 1a 2010. Contractual arrangements are seen as robust and delivering against targets. Councillors particularly praise the openness of the contractor, for example in enabling site visits. Specialist advisors noted better management of the site including improvements to health and safety. Closer checking of compliance with design briefs and assurances of staff competence were introduced. There is tangible evidence that project management arrangements have improved.

Conclusions

- 13** Increased capacity as *intelligent clients* has improved the management of the project, although there are some partner concerns that the Council's client team lacks independent quantity surveyor and project management skills. The VAF funders' group has extended its capacity as an intelligent client through the appointment of a completion co-ordinator. This has enabled the group to challenge more effectively and ensure they have the relevant information to support those challenges. There is a much better understanding of roles and responsibilities on the part of funders and the Council. Project director, completion co-ordinator and other technical advisors are providing good support to the Council. They give both partners and the Council more confidence that the project can and will be completed. Despite this the Council's capacity to challenge costs proposed by the contractor is limited. The understanding of project delivery has improved but the capacity of the Council to challenge its advisors must be maintained.
- 14** Some risks to 'Firstsite', caused by delays to completion, have been mitigated but others remain. The Arts Council has provided support to Firstsite ensuring that some of the external funding allocated by external bodies has been retained despite delays. It has also supported the move from temporary accommodation enabling Firstsite to establish a presence in Colchester town centre and to purchase a building which will ultimately become a facility for visiting artists. The new 'shop front' has enabled Firstsite to further raise its profile with the public. However, significant sums of money are linked to a lease for the VAF being completed and other sums have been ring fenced although risks remain that the protection of these funds could be withdrawn. Delays in the completion of the VAF have therefore not had the anticipated negative impact on external funding for Firstsite, but this continues to be a threat in the future.
- 15** Concerns that cost savings could affect the final quality of the building are being addressed but there is not a consensus on what this means in practice. Some partners were concerned that the impact of value engineering and budget reductions could reduce the quality in phase 2 completion. This in turn could detract from the future use of the building, particularly aspects of high value commercial activity. The funding body acknowledged the principle that whilst the project should look for savings this should not be at the expense of quality. Recent decisions on the release of additional funds are based on maintaining the quality of finish. However there remains a view amongst some local councillors that costs to local tax payers should be minimised and that this could include reducing the cost and quality of the final fit out. Whilst there is therefore a commitment to maintaining a high standard of completion in the final phase of the project what this means and how it will be funded is not yet clear.
- 16** Delays in completion of the first phase of the project have resulted in further deterioration and increased costs for rectification. Initial plans to make the building airtight and watertight were not delivered. The building continued to remain open to the elements and pest damage throughout 2009. This resulted in further damage to work already undertaken, such as to wall cladding. This damage is now being rectified as part of phase 1a with additional costs to the overall project. There is not yet cost certainty for final completion of the building but estimates suggest that it has risen further to between £27.5 and £28.5 million.

- 17** Despite some uncertainty over final costs, proposals to fund the final, phase 2, completion of the VAF are in place but not yet finalised. In March 2010, the funders group agreed the contract management approach to be employed for completion of the final phase of the VAF. The current external contractor will be engaged to extend the construction management approach for phase 1a into phase 2. The estimated costs of phase 2 are £7.5 million leaving a budget shortfall of £3.5 million. There is still some volatility around these costs, which continue to rise. There is an agreement in principle that this shortfall will be met by further contributions from the Arts Council (£1.5 million), Essex County Council (£1.5 million) and Colchester Borough Council will (£0.5 million by forward funding part of the bond currently subject to legal action). However, this commitment in principle remains to be ratified by these organisations following the election in May 2010. If agreed, this approach will mean that project completion is not dependent upon the outcomes of legal action, reducing risk in this area. As £4 million is already available for the completion of phase 2 work, this can commence before agreement on additional funding is finalised. The VAF project can therefore progress to its final stage although all the resources required for completion are not yet agreed.
- 18** A range of issues linked to the completion of phase 2 are as yet unresolved. A final detailed specification for the completion of phase 2 is not yet in place. Some aspects of the building have had to be redesigned such as the acoustic ceiling in the auditorium. The scope of works required is unclear and this needs to be defined, including ongoing remediation so that contractors are clear about expectations. The level of detail and specification for final designs and the level of engagement with the sub contractors in determining the final specification have not been agreed. There is some disparity in professional advisor and contractor views in this area; the latter feeling that there should be some flexibility in the final design to enable more effective working with sub contractors. Plans and specifications for the completion of the final phase still need to be developed and agreed.
- 19** Despite the positive progress with phase 1a, there remain significant risks for the Council. As part of an agreement to get additional investments from the funders in 2008, the Council accepted all risk for the final completion of the project. Funding partners have chosen not to enforce this aspect of the contract at this time but it remains a risk which needs to be mitigated. Failure of the project would mean that the Council could be required to refund external investment in the region of £12 million. The Council is responsible for ensuring external works such as landscaping are completed in the same timescales as the building. A project manager is currently being appointed to co-ordinate this work. It is anticipated that the £0.6 million required to complete the landscaping will be released from the bond subject to adjudication in April with the remainder being provided by Haven Gateway Partnership.

Conclusions

- 20** The impact of legal action against the project's original contractors poses a significant risk for the Council. If successful, the Council intends to release the previous contractor's bond and invest it into the budget shortfall. However the outcome of legal action remains uncertain. A recent adjudication decision has gone in favour of the Council, although this has been contested by the original contractor. Litigation against the contractor will take place in November 2010. The risk of this is solely with the Council which has allocated resources to support the action. The Council's legal advisors have indicated that there is a good legal case to be made against the contractors. The Council is planning to use any resources which are released from the bond to support the project; for example to pay for landscaping. If the bond is not released this will be a further cost the Council will need to meet. There are significant financial risks associated with an unsuccessful outcome of planned legal action.
- 21** The opportunity to explore alternative and potentially more cost effective approaches to project delivery are constrained by a lack of time due to rising costs and the need to take immediate action. The Council chose to identify the new contractor from a framework contract used by Essex County Council (which complies with OJEU procurement regulations) rather than by open tender. It was concluded that the contractor's track record with Essex County Council provided support for their engagement. The new contractor advised that a construction management approach would be the best way to deliver phase 2 of the project. Despite the possibility that individual tenders for work might be cheaper, all partners agreed that the risks associated with that approach were high, particularly extended completion time, and agreed the construction management approach. Decisions made about the project are being made pragmatically but opportunities to explore alternative have been constrained.
- 22** Plans to improve external communication about the VAF are in place but impact at this stage is limited. The public are not clear about the future plans for the VAF. A group of local residents remain opposed to the project and express this opposition through the local press and other media. There is limited engagement with the general public who appear to be at best neutral about the project, although some feel it was forced upon them. External communication about the project during 2009 was limited. However in late 2009, the communications strategy was refreshed and there is now a clear communications plan to improve public awareness of the VAF and what it can offer. It is anticipated that improved communications will begin to impact on local people during the summer of 2010, in part linked to the completion of phase 1a. The potential benefits of the VAF to local people have as yet not been marketed effectively. Local people are not well informed about the VAF and its future.

23 Decisions relating to the VAF project have been subject to public scrutiny but have not been reviewed in detail by the Council's scrutiny function since March 2009. The increasingly transparent decision making relating to the VAF project means that in the last year it has been subject to extensive public scrutiny. There has been political agreement in the Council not to use the project as 'a political football'. Decisions relating to the VAF project were primarily taken by Cabinet and subject to public scrutiny. However there was no internal scrutiny review of the project. Progress reports were received but not specifically challenged. The scrutiny function has limited capacity within the Council and other areas of risk, such as decent homes, were prioritised over the VAF project. Whilst scrutiny does review general risk registers it has not reviewed the VAF register in the last year. It is acknowledged that to scrutinise the project effectively, scrutiny would need an intelligent client function providing sufficient technical expertise to challenge decisions. Independent internal challenge to the project has been limited over the last year.

Recommendation

R1 The Council should ensure that:

- it has sufficient capacity to challenge all aspects of the delivery of phase 2 of the project;
- external communications and marketing relating to the VAF, and in particular its future use, are robust and inform the general public of the use and potential of the building; and
- it scrutinises the final stages of the project to ensure that it delivers value for money.

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Finance & Audit Scrutiny Panel

Item
11

28 September 2010

Report of

Head of Resource Management

Author

Elfreda Walker
282461

Title

1st Quarter Internal Audit Assurance Report 2010/11

Wards
affected

Not applicable

**This report concerns the Internal Audit Strategy,
Work Programme for 2010/11 and Internal Audit Activity in
Quarter 1 – April to June 2010**

1. Actions Required

- 1.1 To note and comment upon the Council's performance relating to:
- The Internal Audit Strategy and 2010/11 Work programme.
 - 1st quarter 2010/11 internal audit activity;
 - Performance of internal audit by reference to national best practice benchmarks;
 - Status of outstanding recommendations.

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 during the 1st quarter of 2010/11 financial year.
- The assurance rating for the Security of Premises audit has increased from "No Assurance" to "Substantial".
- The assurance rating for the Homelessness audit has decreased from "Substantial" to "Limited".
- One priority 1, 33 priority 2 and four priority 3 recommendations have been made. The priority 1 recommendation was in respect of the Homelessness audit.
- One priority 2 recommendation in respect of the Insurance audit has been agreed in part by management. All other recommendations have been fully accepted by management.
- There continues to be excellent progress made in implementing and verifying outstanding recommendations.

4. Internal Audit Strategy and 2010/11 Work Programme

- 4.1 The planned element of internal audit work is outsourced. The contracted work has been provided by Deloitte since 1999 and a small in-house team provide other audit and governance work.
- 4.2 The internal audit contract expired on the 31st July 2010. A tender process as required by EU Procurement rules was completed and the contract was awarded to Deloitte for the period 1st August 2010 – 31st March 2013 with the option to extend the contract for a further 3 years.
- 4.3 The fundamental role of internal audit is to provide senior management and the Finance and Audit Scrutiny Panel (FASP) with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. The Audit Strategy, is a requirement of the CIPFA Code of Practice for Internal Audit in local Government (2006), sets out the contribution that internal audit makes to the Council and includes:
- Internal audit's strategic aims and objectives
 - Annual opinion to support the Annual Governance Statement
 - How the service will be provided.
- The Internal Audit Strategy and the 2010/11 work programme, which will support the strategy is included at Appendix 1.
- 4.4 Internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives. A key rationale for the development of the work programme was the Council's Corporate and Service Risk Registers and discussions with Heads of Service to determine their key risks/challenges and the assurances that they require from internal audit that the controls required to manage these risks are in place and are being applied consistently.
- 4.5 In addition, Deloitte in conjunction with the Finance Manager (Audit & Governance) will identify all sources of assurance provided by review and inspection bodies across all activities of the Council. This information will be collated and analysed in order to provide a better understanding of the Council's assurance framework and will inform internal audit planning. As a result, audit resources will be targeted at the highest risk areas, duplication will be avoided and potential assurance gaps will be identified. Assurance mapping will also contribute to the Council's Governance arrangements.
- 4.6 The new internal audit contract is based on 450 days per year, giving an in-year saving of £15k (£20k in a full year); once the assurance mapping exercise has been completed, some internal audit work will be eliminated, as the assurance is being provided in some other manner. This will reduce the resource required and the cost of service.

5. Internal Audit Activity Quarter 1 – April to June 2010

- 5.1 This section of the report has been designed to show:
- Detailed information concerning audits finalised in the quarter
 - Details of the effectiveness of the Internal Audit provider in delivering the service
- 5.2 Using a risk-based approach, Internal Audit generates 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 and these are categorised as follows:

- Full Assurance – a sound system of control
- Substantial Assurance – basically a sound system with some weaknesses
- Limited Assurance – weaknesses that may put the system objectives at risk
- No Assurance – control is generally weak leaving the system open to error or abuse

5.3 Internal Audit categorises 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
- Implemented awaiting verification
- Not implemented – not due
- Not implemented – Overdue

6. Internal Audit Performance 2010/11

6.1 Use of Audit Resources:

	Days	%
Audit days delivered – Q1	126	27
Remaining Days – per agreed Audit Plan	342	73
	468	100

6.2 Summary of Audits finalised during the quarter:

	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 – Q1	3	5	-	4	1	-	1	3	1
b/f from 2009/10	2	1	-	1	-	-	-	1	-
Work in progress Q1	1	5							
b/f from 2009/10	-	3							

*Only systems audits are given an assurance level.

Please see Appendix 2 for a summary of results and outcomes of the 11 audits finalised in Quarter 1.

7. Status of all recommendations as at 30th June 2010:

- 7.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.
- 7.2 The table below provides a breakdown of the outstanding recommendations as at the end of Q1 – 30th June 2010.

	Outstanding Recommendations That Are:			
Date	Not Due	Overdue	Awaiting Verification	Implemented & Verified
Q1	42	11	62	130

7.3 During the quarter, 80 recommendations were verified as being implemented. At the end of Q1, there were a total of 115 recommendations outstanding of which 11 (10%) were overdue, 42 (36%) were not due and 62 (54%) had been implemented and were awaiting verification from internal audit. Of those awaiting verification, it was noted that 34 (55%) related to annual audits that will be followed up as part of the managed audit process.

7.4 Please see Appendix 3 for details of outstanding recommendations. Progress in implementing these recommendations will continue to be closely monitored with priority being given to the recommendations awarded a higher priority rating and / or those that have been outstanding the longest. Progress will continue to be reported to the panel each quarter.

8. Performance of Internal Audit 2010/11 to date – Key Performance Indicators (KPIs):

KPI	Target	Actual
Efficiency:		
Percentage of annual plan completed (to at least draft report stage)	25%	25%
Average days between exit meeting and issue of draft report	10 max	7
Average days between receipt of management response and issue final report	10 max	1
Quality:		
Meets CIPFA Code of Practice – per Audit Commission	Positive	Positive
Results of Client Satisfaction Questionnaires (Score out of 10)	7.8	9.1
Percentage of all recommendations agreed	96%	97%
Improved assurance for 2 nd & subsequent audit reviews – as a percentage of all recurring reviews	25%	20%

8.1 The key performance indicators show that the internal audit provider is successfully meeting or exceeding the majority of standards.

8.2 The percentage of audits that have shown an improved assurance rating for the 2nd or subsequent review is below the target level, which is due to the number of audits which attained a 'substantial' assurance at the previous audit and have maintained that level, as it is very difficult to improve upon what is already a very high standard.

9. Colchester Borough Homes Limited

9.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Deloitte who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes Limited and in general the audits do not affect the systems operated by the Council.

9.2 However, there are a few audits that, whilst they are carried out for either Colchester Borough Homes Limited 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.

9.3 There have been no joint audits finalised in the first quarter.

10. External Audit

Recent items received from the external auditors:

- Audit Opinion Plan and Certification of Claims and Returns – Annual Report, presented to the Accounts & Regulatory Committee on the 29th June 2010.
- Colchester Visual Arts Facility – Follow Up, which is included on this agenda.

Appendix 4 details the progress made in implementing the external audit recommendations made in the Benefits Service Diagnostic report, which was issued in the final quarter of 2008/09.

11. Proposals

To note and comment upon the Council's progress and performance in implementing quarter 1 of the Internal Audit programme for 2010/11.

12. Strategic Plan Implications

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.

13. Risk Management Implications

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.

14. Other Standard References

Having considered consultation, equality, diversity and human rights, health and safety and community safety implications, there are none that are significant to the matters in this report.

Internal Audit Strategy 2010 – 2013

Introduction

This document sets out the Council's Internal Audit Strategy, which is a high level statement of how Internal Audit will be delivered, for the period 1st August 2010 to 31st March 2013. The strategy covers the approach to be undertaken by the Council's Internal Audit service, which is provided by Deloitte & Touche Public Sector Internal Audit (Deloitte).

The requirement for an Internal Audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

Regulation 6 of the Accounts and Audit Regulations 2003 more specifically requires that:

'A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper internal audit practices'. These 'proper audit practices' are in effect 'the Standards' for local authority internal audit. The guidance accompanying the Accounts and Audit Regulations 2003 makes it clear that 'the Standards' are those specified in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

The CIPFA Code of Practice for Internal Audit defines Internal Audit as:

'An assurance function that provides an independent and objective opinion to the organisation on risk management, control and governance by evaluating their effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.

Internal Audit should be sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Furthermore, Internal Audit operates in accordance with the four main ethical principles: integrity, objectivity, competence and confidentiality.

Strategic Aims

The Strategy demonstrates how Internal Audit will support the overall aims and objectives of the Council, in a way that will allow it to:

- provide assurance and an annual opinion on the internal control environment, which comprises risk management, control and governance processes. This will support the completion of the Annual Governance Statement;
- prepare audit plans that give suitable priority to the Council's objectives and key risks and concentrate resources on areas that have been identified as being the most vulnerable;
- agree actions with managers at the conclusion of each audit to assist in the continuous improvement of their service and reduce associated risks;
- provide support for the Head of Resource Management in fulfilling the statutory responsibilities for ensuring the proper administration of the Council's financial affairs under Section 151 of the 1972 Local Government Act;
- identify the audit resources required to deliver an audit service that meets the requirements of the CIPFA Code of Practice and other relevant professional standards; and
- provide support for the Finance and Audit Scrutiny Panel (FASP) in fulfilling their governance responsibilities as detailed in the Council's Constitution, and the Panel's Terms of Reference.

Internal Audit Objectives

To provide a high quality Internal Audit Service that gives management reasonable assurance on the effectiveness of the Council's internal control environment and to act as an agent for change by making recommendations for continual improvement. Internal Audit aims to be flexible and pragmatic, to deliver the service in collaboration with management to suit the Council's needs. Through a risk based approach, Internal Audit will make a positive contribution to corporate governance arrangements and assist management in developing a framework for achieving objectives within acceptable levels of risk.

Review Process

The strategy remains a live document and will be reviewed at least annually. Improvements, changes in service delivery and relevant professional developments will be incorporated as necessary. Any revised version(s) of the strategy will be presented to FASP.

Audit Needs Assessment

The Audit Manager (Deloitte) in consultation with the Finance Manager and Heads of Service, will prepare a risk based audit work programme designed to implement the audit strategy taking into account the Council's risk management process. The work programme will be flexible and will be reviewed and updated on an ongoing basis to address emerging risks and will contain an element of contingency to accommodate assignments which could not have been reasonably foreseen. The work programme will be presented to FASP and any significant amendments will be reported to the Panel.

Strategic Planning

As part of the audit planning process, Internal Audit identifies significant local and national issues and risks to identify potential Council risks. The sources that are used to influence the work programme include:-

- Strategic Plan and Action Plan;
- Strategic and Operational Risk Registers;
- Annual Audit and Inspection Letter and Outline Audit Plan from External Auditor;
- Agenda and minutes of Council meetings;
- Consultation with managers
- Audit knowledge including recommendations from previous audits; and
- The findings of audits and inspections carried out by external bodies

Internal Audit work will focus on the following key areas:

- Reviews that contribute towards the mitigation of the strategic risks
- Managed audits (those reviews on key systems) that must be undertaken to provide assurance to the Council (Members) and the S151 Officer that key systems controls are working well and can be relied upon to provide robust and accurate information
- Systems reviews of the various service areas on processes (including governance arrangements)
- Review of the key contracts and partnership arrangements to ensure compliance with the Council's Financial Regulations and Contract Procedure Rules
- Information Communication and Technology reviews across the whole Council
- Follow up work that ensures implementation of the internal and external audit recommendations

- Special investigations (including fraud work) to ensure that the Council’s anti-fraud and corruption policies are enforced, and the prevention, detection, and investigation of fraud is pro active.

The number of days allocated to audit areas in the work programme shall be based upon the risk priorities, the scope of the audit and the findings of previous audits carried out. It will also take the requirements of the External Auditors and the need to produce an Annual Governance Statement into consideration.

Audit Reporting

At the completion of each audit a report is prepared. The Internal Controls in each audit area will be assessed and given a level of assurance. The levels of assurance will be as follows:

Level	Evaluation opinion	Testing opinion
Full assurance	There is a sound system of control designed to achieve the system objective.	The controls are being consistently applied.
Substantial assurance	While there is a basically sound system, there are weaknesses that put some of the system’s objectives at risk.	There is evidence that the level of non-compliance with some of the controls may 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.	The level of non-compliance puts the system’s objectives at risk.
No assurance	Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

Management’s response will show actions, responsible officers and target implementation dates. Managers must state reasons for not accepting internal audit recommendations. Details of recommendations that have not been accepted are reported to FASP. The ‘Final’ audit report is issued to the relevant Head of Service with copies to the appropriate Managers and the Finance Manager (A&G).

Implementation of Agreed Audit Actions

The audit report includes, where appropriate, recommendations for improvement in controls and management’s response to those recommendations. It is the responsibility of managers to ensure that all agreed recommendations are implemented in accordance with the timetable they have agreed.

The following approach for the monitoring of outstanding recommendations has been agreed by the Senior Management Team:

- Outstanding recommendations are a monthly agenda item at each service area Group Management Team (GMT) meeting
- The Audit & Governance team maintain a schedule of the outstanding recommendations, which each GMT member can access to update the progress made in implementing each of the recommendations that they are responsible for
- The Audit & Governance team provide details of the recommendations that are ready to be verified to Internal Audit (Deloitte), who carry out verification work to ensure that the recommendations have been properly and completely implemented and remove implemented recommendations from the schedule

- Recommendations that remain outstanding, without there being a satisfactory reason for the lack of progress are escalated to the Head of Resource Management. If they continue to remain outstanding the responsible officer could be asked to attend FASP to explain the situation to Members.

Annual Audit Opinion

In accordance with the Accounts and Audit Regulations 2003, the Audit Manager (Deloitte) is required to provide an assurance assessment on the overall internal control and governance arrangements of the Council. This is included in the Council's published Annual Governance Statement which is presented to FASP. The assurance assessment provides management, Members and those charged with governance an independent report on the robustness of the internal control framework.

Qualifications & Training Requirements

In order to provide the scope of coverage defined in this document and supporting the Annual Work Programme, Internal Audit staff need to have a mix of generic and specialist skills including contract audit, computer audit, fraud investigations, financial audit and risk auditing. It is the responsibility of Deloitte to ensure that they have sufficient suitably qualified and experienced staff to complete the Annual Work Programme.

It is the responsibility of the Finance Manager to ensure that the Audit & Governance team are suitably qualified and experienced. The training needs of the team will be reviewed and identified during the annual appraisal process.

Quality Assurance

Deloitte are responsible for introducing effective quality assurance standards and for ensuring that Internal Audit work undertaken meets those standards. At the completion of a planned audit, a Post Audit Questionnaire is sent to the main auditee, which invites auditees to rate their level of satisfaction with the following aspects of the audit process:

- Pre audit arrangements
- Scope of work
- Conduct of the audit and the auditor
- The audit report and reporting arrangements
- Recommendations (if made)

Plus any comments or observations.

Questionnaires that have not been returned within two weeks are chased up. The Finance Manager analyses the scores and comments and discusses low scores and / or negative comments with the Audit Manager. The Post Audit Questionnaire scores are one of internal audits performance indicators, which are reported to FASP on a quarterly basis.

The Finance Manager shall work proactively with the External Auditor to ensure that the audit resources available are used in the most effective and efficient manner (e.g. the co-ordination of audit plans, sharing of audit reports, joint working). Internal audit files will be maintained to such a standard that the External Auditor is able to place full reliance on their contents. It is expected that the annual audit letter will contain a statement that expresses the External Auditor's view as to how well the Internal Audit service is meeting professional standards.

September 2010

Internal Audit Work Programme 2010/11

AUDIT TITLE	Type of Audit	Key system	A.G.S. issue	Number Of Days
Cross Cutting Reviews				
Annual Governance Statement Action Plan Review	Regularity			5
Corporate Governance & Scrutiny	System		✓	10
National Indicators	System	✓		15
IT Audits				
General IT - (to be allocated)	System			25
Corporate Management				
Contract Management Audits - various	System			10
Electoral Registration	System			7
Health and Safety	System			8
Officers Expenses	System			7
Payroll	System	✓		7
Performance Management	System			7
Retention of Crucial Records	System			7
Security of Premises	Regularity			5
Customer Service Centre				
Complaints Procedures	System			10
Resource Management				
Asset Register	System			15
Business Continuity Planning	System			10
Cash Collection Procedures	Systems	✓		10
Council Tax	Systems	✓		7
Creditors including cheque control	Systems	✓		8
Decriminalised Parking	Regularity			5
Debtors	Systems	✓		8
General Ledger	Systems	✓		8
General Procedure for claiming grants	System			10
Housing / Council Tax Benefits inc. Overpayments / Fraud	System	✓		20
Insurances	System			7
Managing the Risk of Fraud	System			10
NNDR	Systems	✓		8
Risk Management	Systems	✓	✓	10
Safes	System			7
Site Cash Ups	Regularity	✓		3
Treasury Management	Systems	✓		10
Strategic Policy and Regeneration				
CBH Governance Arrangements	System			10
Management of Expenditure CBH	Regularity			10

AUDIT TITLE	Type of Audit	Key system	A.G.S. issue	Number Of Days
Environmental and Protective Services				
Dog Control	Regularity			5
Emergency Planning	System			10
Licensing	Systems			7
Museums - Merged Services	System			10
Section 106 Agreements inc Planning Fees inc S106 Agreement	System			10
Street Services				
Parking Services Partnership	System			10
Abbots Activity Centre	Regularity			3
Financial Assistance Policy	System			7
Homelessness / Housing Needs Register	System			10
Housing Rents (shared audit with CBH)	System			5
Leisure World	System			10
Right to Buy	System			7
Service Charges & Ground Rent (shared with CBH)	System			5
Other Areas				
Diversity				10
Financial Management Arrangements - Various				10
Follow Up				25
Contingency				
Management of Contract				25
Total No. of Days				468

Summary of Audits Finalised in Quarter 1:

436 – Appointment of Contractors (Decent Homes)	Days	Assurance Substantial (First Audit)	Priority of Recommendations			Agreed
			1	2	3	
	10		-	1	-	1

Scope of Audit: This review examined the following areas:

- Policy and procedures;
- Adherence to regulations;
- Tendering for contracts;
- Receipt of bids;
- Drafting of contracts; and
- Retention of documentation.

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

- A formal record of the opening of the tender documentation received should be retained to support its timing and those present in accordance with the Council's Contract Procedure Rules. (2)

449 – Security of Assets and Records	Days	Assurance Regularity	Priority of Recommendations			Agreed
			1	2	3	
	4		-	4	-	4

Scope of Audit: This review examined the following areas:

- Security of buildings; and
- Office based internal security.

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

- A review of storage facilities should be undertaken to check that, where they are used to store confidential information, they can be locked. (2)
- Staff should be reminded that desks should be cleared at the end of the day and that all confidential information must be locked away. (2)
- Staff should be reminded that all equipment (except where it needs to be left switched on for operational purposes) should be turned off at the end of the day. (2)
- Periodic checks should be undertaken by management to ensure that a clear desk policy is observed, confidential information is held securely and that PCs and other equipment is turned off. (2)

450 – Management of Expenditure CBH	Days	Assurance Regularity	Priority of Recommendations			Agreed
			1	2	3	
	15		-	3	-	3

Scope of Audit: This review examined the following areas:

- Payments made in respect of work completed; and
- Supporting documentation including sign off arrangements.

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

- Invoices authorised by the Contracts Risk and Service Manager should only be paid if the amounts are within delegated limits. If the limits do not meet operational needs, consideration should be given to increasing the limit. (2)
- Invoices raised by contractors in respect of work undertaken under SLAs, should be routinely checked by the Quantity Surveyor and evidenced before payment is made. (2)

- Timesheets should be authorised by the appropriate manager to confirm agreement of the labour costs for the work carried out. (2)

501 – Emergency Planning	Days	Assurance Substantial ▶	Priority of Recommendations			Agreed
			1	2	3	
	10		-	2	-	2

Scope of Audit: This review examined the following areas:

- External arrangements;
- Roles and responsibilities;
- Communication; and
- Monitoring of arrangements.

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

- A secondary centre should be established to provide cover in the event of an emergency. (2)
- A consolidated spreadsheet should be developed to record and monitor staff emergency planning training. (2)

502 – Insurance	Days	Assurance Substantial ▶	Priority of Recommendations			Agreed
			1	2	3	
	7		-	2	1	3 (1 partly)

Scope of Audit: This review examined the following areas:

- Premiums;
- Insurance claims;
- Payments to claimants;
- Recovery of monies due from the Insurance Company;
- Access privileges; and
- Management information.

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

- As recommended at the previous audit, documented guidance relating to the Council's insurance processes should be reviewed, updated to reflect current working practice and version control and approved at an appropriate level to ensure that they are in line with the Council's objectives. (2)
- Passwords permitting access to users on the LACHS system should be changed on at least a quarterly basis (or if staff leave). (2) Agreed in part – the system is owned by JCAD, who are responsible for maintenance, setting the frequency of forced password changes etc., they will be contacted to see if the system can be set to force password changes more frequently.
- Management reports should be routinely generated on the LACHS system for distribution to appropriate managers (i.e. where a claim on the department has been made) on a quarterly basis for review purposes. (3)

506 – Homelessness	Days	Assurance Limited ▼	Priority of Recommendations			Agreed
			1	2	3	
	10		1	6	1	8

Scope of Audit: This review examined the following areas:

- Assessment of applications;
- Processing and authorisation;
- Allocation to accommodation; and
- Budgetary control and management information.

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

- Policy and procedures should be developed to address the homelessness application assessment. In addition, policies and/or procedures should be developed to provide Case Officers with reporting guidance where fraud and/or suspicious homelessness applications are suspected. These documents should be approved by management, subject to regular review, include a document control version number and be circulated to all relevant staff. (2)
- Application forms should be stored on the IDOX system and indexed, as appropriate, immediately following the case decision/closure. (2)
- Sample checks should be undertaken and evidenced by management to confirm that:
 - A decision letter has been sent to the applicant;
 - Up-to-date information has been obtained to support all applications and retained on IDOX;
 - An independent officer has reviewed all applications to provide segregation of duties; and
 - Check lists have been fully completed. (1)
- The checklists included within the application forms should be fully completed by the Case Officer to confirm that each key area of the application has been covered, and evidence to support conclusions has been requested and obtained. In addition, consideration should be given to adding 'eligibility for assistance' to the checklist to ensure consistency with the five key areas for assessment. (2)
- Where applicants are housed in bed and breakfast accommodation, prior approval should be sought from a manager and the decision formally documented. In addition, where out of hours or emergency placements are made, the decision should be formally documented and signed off by management retrospectively. (2)
- Needs and risk assessments should be undertaken where individuals are placed in the Council's temporary accommodation. Once completed, the assessment, together with supporting information, should be placed in IDOX. (2)
- Non-secure tenancy agreements should be obtained and retained on file for all applicants accepted onto the homelessness scheme. (2)
- Consideration should be given to agreeing local performance targets to measure progressing of applications etc. Once agreed evidence should be retained to confirm that formal monitoring has been undertaken and action taken where targets are not achieved. (3)

509 – Planning Fees including S106	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Substantial	-	5	-	5

Scope of Audit: This review examined the following areas:

- Documentation of the Council's Procedures and Guidance on Planning Fees;
- Charges Raised for the Processing of Applications;
- Remittance Handling;
- Cash Handling;
- Monitoring of Income from S106 Agreements;
- Processing of Refunds
- Management Information; and
- Access to the Computer System.

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

- Operational procedures should be drafted covering the Planning Fees functions and made available to all appropriate staff. The procedures should include: date prepared, version control number, name of preparer and reviewer and review date. (2)
- Planning fee income should be reconciled to applications received. Where differences occur, the reason should be investigated and action taken noted on the report. (2)
- System access requests should be made in writing and evidence retained of who has authorised the request and the levels of access required. (2)
- A review of access rights should be undertaken on at least an annual basis. (2)
- An examination should be undertaken in conjunction with the software provider to ensure that changes to the approval decision are robust. (2)

512 – Security of Premises	Days	Assurance Substantial ▲	Priority of Recommendations			Agreed
			1	2	3	
	5		-	3	-	3

Scope of Audit: This review examined the following areas:

- Entry procedures;
- Access cards;
- Visitors books;
- Out of hours security;
- Alarms and CCTV; and
- Locking Up procedures.

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

- Following completion of the Risk Assessment Process, the returned risk assessments should be examined and action plans agreed to address any issues identified. Checks should be undertaken to confirm that action plans are progressed including: local security procedures, security spot checks, out of hours arrangements at all sites, staff contact lists and lock-up procedures. (2)
- Consideration should be given to enabling only managers and/or authorised members of staff to approve the issue of ID access cards. (2)
- Whilst it is acknowledged that the Council is locked into a large contract covering security at its offices which cannot be terminated, consideration should be given at the appropriate time to review the arrangements with a view to achieving economies of scale. (2)

514 – Abbots Activity Centre	Days	Assurance Regularity	Priority of Recommendations			Agreed
			1	2	3	
	5		-	2	1	3

Scope of Audit: This review examined the following areas:

- Recording of income;
- Banking of remittances;
- Staff, public liability and asset insurance; and
- Centre security.

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

- Consideration should be given to reverting to the previous system of banking income, whereby the Cash Office is provided with the Income Return Sheet, in order to complete the 'Actual Money' column for each days takings. (2)
- An organised filing system should be implemented to store all income documentation together, including till receipts, lunch slips, reconciliations, Income Return sheets, Cash Office receipts and associated Securicor collection receipts. (3)
- Consideration should be given to reviewing the security arrangements for holding cash overnight in the Managers office. (2)

518 – Stray Dogs	Days	Assurance Regularity	Priority of Recommendations			Agreed
			1	2	3	
	5		-	4	-	4

Scope of Audit: This review examined the following areas:

- Staff cover arrangements;
- Emergency care procedures;
- Service level agreements;

- Payments to kennels; and
- Cost recovery from dog owners.

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

- The Seizure of Stray Dogs Found Register form should be completed by the Duty Officer and retained for reference purposes. (2)
- All essential information regarding the dog should be completed on the Seizure of Stray Dogs Found Register form (the form). This should include:
 - Member of staff on duty;
 - Whether the dog had a tag and/or microchip;
 - Whether attempts had been made to contact the owner and the outcome;
 - The date the dog was transferred to the Gosbecks Road kennels;
 - Whether applicable fees were paid by the owner;
 - The date the animal was returned to the owner; and
 - Whether the transfer of responsibility to West End Rehoming was acknowledged. (2)
- A service level agreement should be signed by the CBC and West End Rehoming, which incorporates service specifications, period of contract and scale of charges. (2)
- Details of charges paid to the Duty Officer should be updated on the FLARE system. (2)

525 – Visitor Information Centre (cash up)	Days	Assurance Regularity	Priority of Recommendations			Agreed
			1	2	3	
	1.5		-	1	1	2

Scope of Audit: This review examined the following areas:

- Cash security;
- Appropriation of monies; and
- Banking of monies.

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

- All staff should be reminded to ensure that all visitors to the Visitor Information Centre are identified before being granted access and that they are escorted as appropriate when having access to the secure areas and/or valuables and assets. (2)
- All staff should be reminded that the ‘Z’ printout and the Cash Office receipt should be signed to evidence that the appropriate checks have been completed. (3)



Finance and Audit Scrutiny Panel

Item
12

28 September 2010

Report of	Scrutiny Officer	Author	Robert Judd Tel. 282274
Title	Work Programme 2010-11		
Wards affected	Not applicable		

This report sets out the rolling 2010/11 Work Programme for the Finance and Audit Scrutiny Panel and Accounts and Regulatory Committee

1. Action Required

- 1.1 The Panel is asked to consider and comment on the 2010-11 work programme.

2. Reason for Action

- 2.1 This function forms part of the Panel's Terms of Reference in the Constitution.

3. Outstanding items

- 3.1 Colchester Park and Ride / Update on Northern Approach Road (TBC).

International Financial Reporting Standards – date to be confirmed

4. Additional items

- 4.1 Colchester Visual Arts Facility – Audit Commission (28 September 2010)
Local Governance Review - Hd. Of Corporate Management (19 October 2010)

5. Work Programme

29 June 2010

1. Audit Opinion Plan and 2010-11 Audit and Inspection Fee Letter (A&R)
2. Annual review of the Governance Framework and 2009-10 Statement (A&R)
3. Draft Annual Statement of Accounts (A&R)
4. 2009-10 Financial Monitor (FASP)
5. 2009-10 Capital Expenditure Monitor
6. 2009-10 Internal Audit Report

27 July 2010

1. Community Governance Review – Wivenhoe Town Council (A&R)
(merging of two parish wards / increase of councillors to 13 (+2))
2. Community Governance Review – Fordham (A&R)
(increase of councillors to 9 (+2))
3. Freedom of Information Update (Head of Corporate Management)
4. Annual Report on Treasury Management
5. 2009-10 Risk Management Summary

17 August 2010

1. Capital Improvement Programme (DHP update to incl. outcomes of pilot scheme)
2. 2010-11 Financial Monitor, period April to June
3. 2010-11 Capital Monitor

31 August 2010 Extra meeting

1. Call-in Proposed Travellers Site – Severalls Lane East

7 September 2010 Extra meeting

1. Call-in Highwoods Country Park Car park charging proposals

28 September 2010

1. 2010-11 Internal Audit Monitor, period April to June
2. Annual Statement of Accounts – Annual Governance Report (A&R)
3. Financial Regulations revised (A&R)
4. Colchester Visual Arts Facility – Audit Commission

19 October 2010

1. Report Publication of Audited Statement of Accounts (A&R)
2. Risk Management period April to September
3. Annual Business Continuity Progress report
4. Local Governance Review (Hd.of Corp.Management)(A&R)

23 November 2010

1. 2010-11 Internal Audit Monitor, period April to September
2. 2010-11 Financial Monitor, period April to September
3. 2010-11 Capital Monitor
4. 2010-11 Treasury Management Monitor

25 January 2011

1. Annual Audit Letter (District Auditor)
2. 2011-12 Budget Strategy
3. Treasury Management - Investment Strategy

22 February 2011

1. Risk Management, period April to December
2. 2010-11 Financial Monitor, period April to December
3. 2010-11 Capital Monitor

29 March 2011

1. 2010-11 Internal Audit Monitor, period April to December
2. Annual Governance Statement briefing paper
3. Audit Opinion Plan

