

COMMISSION FOR LOCAL ADMINISTRATION IN ENGLAND

Minutes of the meeting of the Audit Committee held at Millbank Tower, Millbank, London SW1P 4QP on 12 July 2005 at 9.00 am

Present: Mr C Swinson (Chairman)
Mr T Redmond
Mrs P A Thomas
Ms A Abraham
Mr N H Jones
Mr S D Jones
Mr N J Karney
Mr M King
Mr P MacMahon
Mr R Weighell (PKF)
Mr J Dee (PKF)
Mr A Lovett (Baker Tilly)
Mr A Keast (Baker Tilly)
Ms K Sayer (Sayer Vincent)

Apologies: Mr J White

1. Minutes of meeting – 7 March 2005

These were confirmed as an accurate record of the meeting.

2. Matters arising

a. Update on Working Group Review (Sayer Vincent)

Kate Sayer explained that the 'hold up' was due to the draft report being reissued. Furthermore, the final report was to be submitted to the Commission in order to obtain the management response before being put forward to the Audit Committee.

Nigel Karney stated that an in-depth discussion regarding the recommendations was to be arranged between himself and Kate Sayer.

Action: Nigel Karney and Kate Sayer to discuss recommendations.

PART I

3. Tax Audit (PKF)

SDJ stated that the paper had been circulated for information. It brought to the attention of the Audit Committee the error in recharging between LGO and OPHSO. He stated that information had been shared with OPHSO and an apology had been given. Discussions were taking place to recover the amount from OPHSO. Andrew Lovett, Chris Swinson and Tony Redmond all agreed that this error had a neutral effect on the accounts as the amount was going to be recovered.

4. External Audit

a. Annual Accounts 2004/2005

Stephen Jones stated that useful meetings had taken place and the audit was planned in the usual manner. Furthermore, Baker Tilly had provided extra assistance. The accounts were being presented to the Audit Committee for consideration.

Andrew Lovett stated that no problems had arisen during the audit. In addition, no major adjustments were required though a few minor recommendations were suggested. In conclusion, the accounts showed a true and fair view of the financial position of the Commission.

Andrew Lovett also added that no issues had been raised with regards to the internal financial control of the organisation. The work of internal audit meets professional standards.

Chris Swinson raised the issue relating to the pension fund deficit and stated that the underfunding was a growing concern and it would be correct procedure to disclose this in the accounts. Tony Redmond agreed to draft a paragraph for inclusion in the Annual Accounts.

Action: Tony Redmond to draft paragraph on pension fund deficit for inclusion in the Annual Accounts.

5. Internal Audit (PKF)

a. Annual Internal Audit Report 2004/2005

Richard Weighell stated that the formal summary of the audit showed overall systems were satisfactory in all key areas tested. It had been noted that there were a number of areas where there had been particular improvement. These were:

- Governance
- IT security
- Premises management
- The café

It was recognised that the Commission was going through a change project and the main concern was that there needed to be some sort of measurement of outcomes.

Governance – The main developments have been highlighted. It was also noted that the organisation could not comply with the Government’s practice model in its entirety. However, there were pragmatic ways of getting round this by ensuring high levels of scrutiny.

Risk Management – This had progressed from 12 months ago but needed to become part of normal business and integrated fully.

b. Change Agenda Audit

Jon Dee stated that there was a proposed audit approach to Change Agenda implementation and results of this would be fed back later in the year.

c. Resources (Local Offices) Audit

Jon Dee stated that the new approach to quality assurance had been introduced to all the offices and it was recognised to be a pilot scheme. However, there were inconsistencies between the offices in applying this new application. Having visited the offices it was generally working well but a further visit will be made to view progress and offer advice. Financial management at all three offices was very sound. Furthermore, it was noted that premises management was particularly focused on health and safety aspects. Generally, there was a positive level of assurance and this will develop over the coming year.

Richard Weighell concluded by stating that the organisation meets the requirements and it was noted that the management was going through a transformation process.

Tony Redmond stated that a draft report relating to Governance issues would be submitted to the next meeting and would address the points raised by the auditors. There needed to be a clear understanding of the direction for the Commission in tackling change. The Commission valued the assistance of PKF relating to the good progress made with quality assurance.

Action: PKF to report back on progress of new approaches. Tony Redmond to submit Governance report to the next meeting.

6. Losses and Special Payments: 1 March – 30 June 2005

The Committee agreed to the special payment approved by the Chairman of the Commission, Tony Redmond, for the loss of a mobile phone. The Commission also agreed that information on losses and special payments should be circulated at future meetings.

Action: Stephen Jones to circulate information on losses and special payments to Audit Committee Members prior to each meeting.

7. Waiving of Financial Instructions

- a. The Committee noted that the contract for supplying blinds had been awarded after two tenders had been received.
- b. The maintenance contract at MBT had been awarded to Mitie.

8. Risk Register Update

Nigel Karney stated that the report circulated highlighted the main issues discussed at the last meeting and a risk assessment had been carried out against each programme. Nigel Karney reported that he had visited each management team in order to provide an understanding of this approach.

Chris Swinson raised concerns about the Commission's management of and planning for dealing with complaints numbers. Nigel Karney agreed that there was a need to address the issue of dealing with this increase in complaint numbers.

Chris Swinson also raised the issue of Ombudsmanwatch and asked if anything had been done to address their criticisms. Nigel Karney stated that there was no further review process once a complaint had been viewed by the Ombudsman. This and other processes such as comebacks needed to be reviewed in order to address some of the issues raised.

Peter MacMahon stated that the customer satisfaction survey had raised a range of issues which needed to be looked at fundamentally.

Tony Redmond stated that criticisms against the Commission from different complainants had similar themes. He had put forward requests to attend future Select Committees but was unsure how this would be received. The customer satisfaction survey had identified a variety of negative points and important issues such as managing expectations of complainants and lack of independence need to be addressed.

Chris Swinson stated that an independent review of complaints needed to be undertaken in order that the Commission complies with its statutory obligations.

Tony Redmond agreed that the point of independence was very important and a considered and appropriate response was required.

PART II

9. Strategic Direction and Strategic Risk

Chris Swinson stated that the Commission had achieved the following as a result of the Staff Event:

- Public Value Agenda
- Strategic direction of the Commission and staff

Tony Redmond agreed that the event provided staff with an opportunity to mix with colleagues from different offices. It also provided the staff with a platform to discuss the PVA and add their input. This has resulted in there being a large amount of work to be undertaken to progress the issues raised. However, there had been limited discussion on the strategic direction of the Commission and more work was required.

Pat Thomas stated that the event highlighted various issues and inconsistencies through the offices.

Neville Jones added that the expression “One Organisation” was being used by staff in the Coventry Office.

Nigel Karney said that management needed to act swiftly in order to avoid a downward spiral following the recognised success of the event.

10. Any other business

No other business was discussed.

11. Date of next meeting

10.30 am on Tuesday 8 November 2005 at MBT