

COMMISSION FOR LOCAL ADMINISTRATION IN ENGLAND

Minutes of the meeting of the Audit Committee held at Millbank Tower, Millbank, London, SW1P 4QP on 11 July 2006 at 10.30 am

Present: Chris Swinson (Chair), Tony Redmond, Jerry White, Anne Seex, Nigel Karney, Peter MacMahon, Neville Jones, Mick King, Richard Weighell, Jon Dee, Kate Sayer, Chris Wicks, Philip Sevelius

Apologies: Ann Abraham, Andrew Lovette

Minutes of meeting – 14 March 2006

The minutes were confirmed as an accurate record of the meeting.

Matters Arising

a. Internal Audit Programme 2006/07

It was noted that Chris Swinson, Tony Redmond, Richard Weighell and Jon Dee had met to discuss the proposed internal audit programme for the next year.

However, a meeting between Chris Swinson, Tony Redmond and Kate Sayer was yet to be arranged.

Action: Chris Swinson and Tony Redmond to meet with Kate Sayer.

b. Pension Fund FRS17 Report

Tony Redmond stated that the Commission was concerned about the current situation regarding the pension fund deficit as it is clearly not a continuing problem.

External Audit (Baker Tilly)

c. Annual Accounts and Audit Opinion 2005/06

Chris Swinson raised a couple of issues which he felt needed to be addressed:

- Reference needed to be made to the name change of the government department from ODPM to DCLG.
- The item on disclosure of senior staff should be reviewed as the current version was truncated and did not comply with government requirements

The committee agreed the Accounts for 2005/06.

Action: Stephen Jones to include a separate paragraph relating to the change of name of the government department.

d. NAO Audit Committee Self-Assessment Checklist

Stephen Jones stated that the committee needed to make a decision on whether it was appropriate for the Commission to complete the checklist or adopt a different means of self-assessment.

Chris Swinson suggested that he produced a report on the effectiveness of the committee for the next meeting.

Action: Chris Swinson to produce a report on the effectiveness of the Audit Committee.

Risk Register Update

Nigel Karney informed the committee that the document had been modified but stated that further guidance would be appreciated.

Chris Swinson asked the committee whether appropriate risks had been identified in the revised document.

Jerry White stated that the Commission was weak on trying to gauge the stakeholder view.

Tony Redmond stated that the committee should not lose sight of the term 'strategic risk' and the document needed to elaborate, for instance, on possible mergers with other bodies. Furthermore, there was a need to look at the relevance of the organisation and the question of its place in the wider ADR environment.

Two additional risks were identified:

- Lack of systems to protect staff who visit complainants
- Public value agenda not fitting in with proper use of public funds

Nigel Karney informed the committee that the thoughts of the committee had been most helpful and he would discuss this further with Tony Redmond.

Chris Swinson noted that this issue had now progressed further due to the work undertaken by Nigel Karney.

Action: Tony Redmond and Nigel Karney to discuss the risk register further.

Internal Audit (PKF)

Chris Wicks was introduced and the committee was informed that he would be taking an increased role in the Hydra project and audits.

e. Contract Management Audit

Richard Weighell highlighted the main findings of the audit on cleaning and print management confirming that the contracts were awarded appropriately in line with the Commission's guidance and requirements.

Chris Swinson raised concerns that the performance standards were poor and the scope originally agreed by this committee was not being adhered to with regards to the cleaning contract.

Nigel Karney responded by stating that the audit brief had been adopted following a meeting of the committee. Furthermore, there was no member of staff within the organisation with the skills and expertise in drawing up a contract and managing it. However, this was being addressed by the recruitment of the new Principal Facilities Manager.

f. IT Management Audit

Richard Weighell stated that when carrying out this audit the overall approach to the way in which IT is managed within the organisation was examined. The main area of concern had been whether the IT Strategy and developments fitted in with the development of the organisation.

In summary, he confirmed that the processes set in place were sensible and appeared to be working well.

Nigel Karney agreed that valid points had been raised by the audit report.

It was noted that PKF had not tested the arrangements set in place by the IT section or whether these arrangements were appropriate if possible risks already identified by the IT section materialised.

g. Annual Report

Richard Weighell informed the committee that the overall conclusions showed the Commission was changing and being more ambitious in what the organisation was trying to achieve with ongoing activities. These changes were working well but the Commission was moving into new areas with no experience in delivering these projects. The current systems and arrangements need to move up a level to meet the Commission's new requirements.

Tony Redmond responded by stating that the Commission would focus on dealing with change management by re-training and re-skilling staff to meet the new requirements.

h. Internal Audit Programme 2006/07

A discussion had taken place between Chris Swinson, Tony Redmond, Richard Weighell and Jon Dee. This had resulted in the audit plan submitted to the committee for approval. This plan included three risk areas and others which were important to meet the requirements overall.

The committee discussed the merits of the following possible audits:

- Governance – essential that a review takes place as it relates to other key changes being proposed
- Risk Management – to be deferred as it is not appropriate at this time
- Hydra Project – as the Commission had no experience in managing large projects Chris Wicks would look at potential risks. A broader review would look at the wider consequences and scope for the organisation

Chris Swinson stated that a wider review of contract management might be useful for the organisation this year.

Anne Seex suggested an audit on the financial breakdown of accommodation costs for each office.

Chris Swinson proposed that a further discussion took place between himself and Tony Redmond prior to the plan being finalised.

Action: Chris Swinson and Tony Redmond to discuss the proposed plan further.

Internal Audit (Sayer Vincent)

Kate Sayer stated that there were resources within the Commission to carry out the review on home based workers internally and that Sayer Vincent would rather contribute to the challenges around efficiency within the organisation.

Kate Sayer agreed to email the specification for the work to Tony Redmond.

Action: Chris Swinson and Tony Redmond to meet with Kate Sayer to discuss future work to assist the Commission with its change programme.

Losses and Special Payments: 1 March 2006 – 30 June 2006

The special payments put forward were approved by the committee.

Waiving of Financial Regulations

The items, as reported, were approved by the committee.

Any Other Business

No further business was discussed.

Date of next meeting

10.30 am on Monday 10 October 2006 in Room 1, 20th Floor, Millbank Tower, London.