

# MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

THURSDAY, 24 SEPTEMBER 2009 1.30 PM



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## PANEL MEMBERS PRESENT

Councillor John Dawson  
Councillor Stuart Farrar (Vice-Chairman)

Councillor Reg Lovelock MBE.  
(Chairman)  
Councillor Andrew Moore

## OFFICERS

Strategic Director (Ian Yates)  
Corporate Head Finance & Customer  
Services (Richard Wyles)  
Finance Support Service Manager (David  
Scott)  
Financial Accountant Team Leader  
(Nicola Lovely)  
Committee Support Officer (David  
Lambley)

## OTHER MEMBERS PRESENT

Councillor Mike Taylor (Resources &  
Assets Portfolio Holder)  
  
Rob Barnett (Internal Audit)  
Simon Lacey (District Audit)  
Ed Mills (Internal Audit)

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## 27. MEMBERSHIP

There were no substitute Members at the meeting.

## 28. APOLOGIES

An apology was received from Councillor Joynson.

## 29. DECLARATIONS OF INTEREST

No declarations of interest were made.

## 30. MINUTES OF THE MEETING HELD ON 3 SEPTEMBER 2009

The minutes of the meeting of 3 September 2009 were agreed to be a correct record of the meeting.



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### **31. REVISED STATEMENT OF ACCOUNTS 2008/09**

The Committee considered the revised Statement of Accounts 2008/09, which was introduced by Richard Wyles, the Corporate Head for Finance and Customer Services. The Statement of Accounts had been revised to reflect the outcome of the District Auditor's work.

- An addendum was provided which corrected two errors in the statement of accounts.
- An error in a valuation figure provided by the District Valuer resulted in a number of statements having to be amended. This was a mistake on the part of the District Valuer and the Council was seeking assurances that this would not happen in future. Members expressed concern at the additional work required by officers as a result of this valuation error.
- Deferred charges were now known as Revenue Expenditure funded from Capital under statute and this had resulted in a minor change being made.
- Past Service Costs relating to changes to the pension scheme had not been included in the balance sheet which resulted in the pension liability being understated by £520k.
- The District Auditor was satisfied that all changes recommended in the District Audit Annual Governance Report had been made.
- It was noted by Members that changes to the Notes to the Accounts had been made, including in relation to the Building Control Trading Account. Actions were being taken to ensure compliance with statutory guidance over this account.
- Members were pleased to note that the Summary of Accounts had been accredited by the Plain English Campaign. The booklet would be available on the Council's website and would also be sent to all Parish Councils.

#### **DECISION:**

- 1) To approve the Revised Statement of Accounts for 2008/09**
- 2) To note the changes to the outturn position of the General Fund following the changes agreed with Audit**
- 3) To note the commentary on the outcome of the audit work**
- 4) To approve the publication of the Summary of Accounts (with "Plain English" accreditation).**

#### **RECOMMENDATION:**

***That Cabinet consider writing to the District Valuer to express the Council's concern at the inconvenience caused as a result of the error in the valuation information in respect of the Grantham Meres Leisure Centre.***

### **32. DISTRICT AUDIT ANNUAL GOVERNANCE REPORT**

The Committee considered the District Auditor's Annual Audit Report.

- Members were informed that the District Auditor had not been able to attend the meeting himself due to illness and would be unable to sign off the Council's Statement of Accounts for 2008/09. It would be necessary for a replacement District Auditor to review the accounts before they could be signed off. The role of District Auditor was a statutory and personal appointment and therefore there would be a delay in signing off the accounts. It was explained that a letter would be sent to the Chief Executive and s151 officer to explain the situation fully. Members were assured that this would not create an issue for the Council as the Council was not in any way at fault.
- District Audit were happy to give an unqualified opinion on the accounts. The financial statements were free from error, there was an adequate internal control environment and there were adequate arrangements in place to secure value for money.
- Members noted the mis-statements that had been identified in appendix 2 of the report and that appropriate amendments had been made to the accounts.

#### ***DECISION:***

- 1) To note the report and to approve the letter of representation on behalf of the Council.***
- 2) To defer the authority to review any amendments to the accounts as a result of the requirement for a second District Auditor review to the Chairman and s151 officer.***

### **33. ANNUAL OMBUDSMAN LETTER**

The Local Government Ombudsman's Annual Review was presented by the Legal Services Manager, Lucy Youles.

- The review covered the period from 1 April 2008 to 31 March 2009. During this time a total of 27 complaints had been received by the Ombudsman. Of the 27, eight required advice from the Ombudsman and a further eight were premature and were forwarded to the Council to deal with. The Ombudsman concluded 12 complaints during the period, including one investigated during 2007/08. Of these two were settled locally, there were four findings of no maladministration, five were outside the Ombudsman's jurisdiction and in one case the Ombudsman decided not to pursue the complaint.
- The Ombudsman concluded that there was no overall cause for concern. Although 15 complaints related to housing, only three required investigation.
- There was some concern regarding the time taken by the Council to

respond to formal enquiries by the Ombudsman. The target was 28 days and during 2007/08 the Council had responded in 18.5 days. In 2008/09 this had taken 35 days, but as there were only two cases where formal enquiries had been made this was not statistically significant. The delays to these responses had been caused by the time taken to negotiate what action to take. Members acknowledged the reasons why this target had been missed and it was noted that in future they would like to see the Council to respond within the timescale.

- Members noted that when the Council received a complaint it was acknowledged the same day.
- The Committee noted the report.

### **34. INTERNAL AUDIT PLAN - PROGRESS REPORT**

The Council's internal auditors presented their Progress Report.

- The report showed the progress that Internal Audit had made against the previously agreed plan. Of the six reports that had been finalised, five had been positive assurance opinions and one had resulted in a negative opinion.
- Limited assurance had been given in relation to cash security. This report had been requested as a result of a break-in at the Stamford Arts Centre. Weaknesses in procedures had been identified. The Council's management had agreed with all the recommendations made and these had all been actioned. Members noted that a follow up review would be presented at a later date.
- Substantial assurance had been provided regarding play schemes. The one recommendation made by Internal Audit had been implemented immediately.
- Substantial assurance was provided relating to car loans. There was one significant recommendation that finance staff be provided with vehicle registration documents to demonstrate that the loan had been used for the intended purpose. There were two other recommendations. All recommendations had been implemented. It was noted by Members that although the scheme was to be more widely publicised, this was for transparency purposes. There were only six existing loans and they were limited to a maximum of £15k and staff graded at a certain level. The loans were not intended to replace commercial car loans and repayments were deducted directly from salary.
- Licensing was given adequate assurance. There were six recommendations, which had all been accepted by management. The significant recommendations related to the lack of a pro-active approach by the Council. Members viewed all the dates for implementation of the recommendations as acceptable.
- Substantial assurance was provided regarding the 'resident involvement' audit review and both recommendations had been accepted by management and would be implemented.
- Adequate assurance was provided regarding IT security policies. Five

recommendations had been made and were due to be implemented by management. One of the recommendations had only been partially accepted, but this was due to it being the responsibility of the Cabinet to formally approve any IT security policies before they were adopted.

- Members noted the report.

### **35. TRACKING REPORT**

Members considered the Tracking Report. This report recorded progress by the Council to ensure that recommendations from Internal Audit were implemented.

- Of the 125 recommendations that had been followed up in respect of 2007/08 and 2008/09, 84% had been fully implemented. Of the 24 high risk recommendations 83% of these had been fully implemented.
- Members noted that the report was updated based on information received from Service Managers.
- Members were satisfied with the progress being made and would review progress at the next meeting. The report was accepted.

### **36. INTERNATIONAL FINANCIAL REPORTING STANDARDS - UPDATE REPORT**

The Committee were updated on the transition to International Financial Reporting Standards (IFRS) by Nicola Lovely, the Financial Accountant Team Leader.

- Members noted that the transition to IFRS would create a significant amount of work in a short time scale for the finance team and a number of figures would have to be restated according to these rules. It was noted that the guidance relating to this had not yet been finalised.
- Members noted that asset values would be required from the District Valuer as a part of this process and it was reiterated by Members that an accurate and timely service was required.
- The Committee noted the report and action plan.

### **37. ASSURANCE STATEMENTS - MONITORING REPORT**

Members reviewed the Assurance Statements. This report covered the quarter to the end of June 2009.

- Statements were made by Service Managers on a quarterly basis in relation to the effectiveness of internal systems and controls.
- Members noted that many of the outstanding issues related to training.
- Members were concerned that there was a significant number of outstanding performance appraisals. It was noted that this would continue to be flagged in the report until appraisals were up to date. The Committee were concerned that these appraisals had not been

undertaken.

- Members were of the opinion that all long term sickness and return to work needed to be managed.

**RECOMMENDATION:**

***That the Portfolio Holder for Organisational Development and Housing investigate why there were significant numbers of outstanding performance appraisals in some service areas of the Council.***

The Committee went into recess between 3:09 and 3:18 pm.

**38. REVISED RISK MANAGEMENT STRATEGY**

The Committee reviewed the Council's Risk Management Strategy for 2009/10.

- The Committee had last looked at the Risk Management Strategy in April 2008 which had since been reviewed by the Risk Management Group. There were no fundamental changes to the strategy.
- It was noted that the scoring matrix was subjective, but it was felt that the Council's model was the most appropriate to use.
- Members noted that in the event of a flu pandemic that there were business continuity plans in place.
- The Committee noted the report and that no amendments were required.

**EXCLUSION OF THE PUBLIC**

**DECISION:**

***In accordance with Section 100A(4) of the Local Government Act 1972, it was agreed to exclude the press and public from the meeting during consideration of the following item of business because of the likelihood that otherwise exempt information, as described in paragraph 2 of Schedule 12A of the Act (as amended) would be disclosed.***

**39. HOUSING SERVICES REPORT**

The Committee were verbally updated by Ian Yates, the Strategic Director, on progress as a result of recommendations made by Internal Audit regarding Housing Services.

- The Committee were satisfied that appropriate action had been taken and that the recommendations made by internal audit had been implemented.
- Members noted that policy changes regarding rechargeable repairs

would require new tenancy agreements. It was also noted that in the future it is proposed that the Council would require pre payment for non-essential repairs.

- It was noted that there was a temporary staff structure in place and that there was still work to be done.
- Members requested that a written report be provided to the Committee at a future meeting by the Director of Housing Services.

**40. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT.**

There was no other business for the Committee to consider.

**MEETING CLOSE**

The meeting closed at 4:05 pm.