

AUDIT COMMITTEE

6.00 P.M.

16TH MARCH 2004

PRESENT:- Councillors J. M. Thomas (Chairman), J. Barry, A. Stone and G. Wilson.

Officers in attendance:

Corporate Director (Central Services)
Head of Financial Services
Internal Audit Manager
Helen McMahon - Procurement Officer
John Addison – Democratic Support Officer

Apologies for absence:

Councillors J. Ravetz and I. S. Barker

Also in attendance:

Mike Thomas - District Auditor
Ms F. Blatcher – Audit Commission
Dawn Watson– Audit Commission

19 MINUTES

The Minutes of the meeting held on 16th December 2003 were signed by the Chairman as a correct record.

20 ANNUAL AUDIT LETTER

The District Auditor presented his Annual Audit letter to the Committee. The Committee was advised that the District Auditor had issued an unqualified opinion on the Council's financial accounts. It was noted that the balances were now at a satisfactory level and the financial control was positive – however, there was some room for improvement over debt collection.

The District Auditor informed Members that the Council had undergone a range of audit and inspection work during the course of the year and that the main messages for Members within his letter were detailed under the following headings:-

- Boundary Committee
- Comprehensive Performance Assessment
- Inspection work
- Overall performance management
- Financial Standing
- System of Internal Financial Control
- Standards of financial conduct and prevention and detection of fraud and corruption
- Legality of transactions
- Public interest report
- Accounts

The Committee discussed Overview and Scrutiny arrangements at Lancaster and the effect of creating a change to the current structure, to improve the Council's democratic processes. The District Auditor advised the Committee that Lancaster was not alone in experiencing difficulties in introducing effective arrangements.

Resolved:

- 1) That the District Auditor be thanked for his presentation and that the Annual Audit letter be noted.
- 2) That any action required from the Audit letter be included in the Council's improvement Plan.

21 PRESENTATION ON PROCUREMENT

The Internal Audit Manager reminded Members that at an earlier meeting of the Audit Committee Members had expressed an interest in receiving a presentation on procurement. Members were introduced to the Procurement Officer, Helen McMahon, who had taken up her post at the end of September 2003.

The Procurement Officer provided Members with a presentation on procurement, outlining:

- Current issues driving the Procurement agenda.
- Where we are now?
- Procurement Strategy.
- What have we done so far?
- Training for Officers.
- E-procurement.

Members asked the Procurement Officer a number of questions with regards to delivering services online, potential savings the council could and had made in relation to gas/electricity and work that was still to be done. Members were informed that a cost reduction of 5-6% was expected from an impending tendering process for gas supplies.

Resolved:

That the presentation and report be noted.

22 IMPLEMENTING ELECTRONIC SERVICE DELIVERY

The Internal Audit Manager presented a report informing the Committee of the results of an audit of the Council's arrangements for implementing Electronic Service Delivery, jointly undertaken by the Audit Commission and Internal Audit.

Members were informed that the review had considered the Council's approach to and progress towards meeting the reforms and targets as set out in the Government's *"Modernising Government"* White Paper. It was noted that the paper set out an ultimate target of 100% of the public's dealings with government being capable of being conducted electronically by 2005. It was further noted that, more specifically, the review had considered the Council's approach to the seven critical tests for e-government projects set out in the Government's paper *"Towards a National Strategy for E-Government"*.

It was proposed by Councillor Wilson and seconded by Councillor Barry:

"That the report be noted and that an update review is scheduled in the Internal Audit Plan for 2004/05".

On being put to the vote, all Members voted in favour of the proposal, whereupon the Chairman declared the motion to be unanimously carried.

Resolved:

- (1) That the report be noted.
- (2) That an update review be scheduled in the Internal Audit Plan for 2004/05.

23 REGULATION OF INVESTIGATORY POWERS ACT 2000

The Internal Audit Manager presented a report informing the Committee of the results of an audit of the Council's arrangements for managing surveillance activity under the Regulation of Investigatory Powers Act 2000 (RIPA).

Members were informed RIPA came into force on 25th September 2000 to regulate the use of covert surveillance by, amongst others, local authorities. It was reported that the surveillance carried out in accordance with the authorisation mechanism established by RIPA gave local authorities express statutory protection against breach of privacy claims under the Human Rights Act 1998.

It was reported that prior to leaving the Authority in January 2004, Looqman Desai, a Senior Solicitor had undertaken an audit of the Council's arrangements in relation to RIPA, the main purpose being to monitor compliance with the policy and to help the Corporate Director (Central Services) ensure effective quality control of RIPA processes. It was noted that effective monitoring arrangements were in place.

It was proposed by Councillor Barry and seconded by Councillor Wilson:

"That the report be noted."

On being put to the vote, all Members voted in favour of the proposal, whereupon the Chairman declared the motion to be unanimously carried.

Resolved:

That the report be noted.

24 INTERNAL AUDIT MONITORING

The Internal Audit Manager presented a report informing Members of the progress of the Internal Audit Plan for 2003/04, and sought the Committee's approval for the proposed revisions of the Plan. The proposed changes to the Plan and a detailed Monitoring Statement were provided as Appendices to the report.

Members queried the expense of hiring additional staff to cover the staff shortfalls and enquired would it be more cost effective to fill the existing vacant post currently within the Audit team.

It was reported that the vacant post within the Audit team would be filled and that the hiring of additional short-term staff was an interim measure to ensure there was sufficient cover within the Audit section.

It was proposed by Councillor Wilson and seconded by Councillor Barry:

"That the recommendations as set out in the report be agreed."

On being put to the vote, all Members voted in favour of the proposal, whereupon the Chairman declared the motion to be unanimously carried.

Resolved :

- (1) That the report be noted.
- (2) That the engagement of contract staff for an additional 40 audit days and the proposed revisions to the audit plan as set out in Option 3 are approved.

25 **RESULTS OF INTERNAL AUDIT WORK**

The Internal Audit Manager submitted a report informing Members of the results of Internal Audit work for the period. A summary report from each completed audit and follow-up review was submitted for Members' consideration.

It was proposed by Councillor Barry and seconded by Councillor Wilson:

“That the report be noted.”

On being put to the vote, all Members voted in favour of the proposal, whereupon the Chairman declared the motion to be unanimously carried.

Resolved:-

That the report is noted.

.....
Chairman

(The meeting ended at 7.20 p.m.)

***Any queries regarding these Minutes, please contact
John Addison, Administration Services
on Lancaster 01524 582132 or alternatively e-mail jaddison@lancaster.gov.uk***