

Public Document Pack

Overview and Scrutiny Committee

Held at Member's Lounge, Ryedale House, Malton
on Thursday 8 April 2010

Present

Councillors Mrs Shields (Chairman), Cussons (Vice-Chair), Clark, Raper, Mrs Wilford
and Windress

In Attendance

Paul Cresswell and Audrey Adnitt

Minutes

75 **Apologies for absence**

Apologies were received from Councillors Andrews and Cottam.

76 **Minutes**

The minutes of the meeting of the Overview & Scrutiny Committee held on the
18 February 2010 were presented.

Resolved

That the minutes of the meeting of the Overview & Scrutiny Committee
held on the 18 February 2010 be accepted as a correct record.

77 **Urgent Business**

The Chairman reported that it in order to keep the debate timely and concise,
she proposed that Members speak on any item for up to a maximum of ten
minutes, following that, should they wish to respond, the response be limited
to no more than five minutes.

78 **Declarations of Interest**

No declarations of interest were received.

79 **Matters Referred for Decision in Relation to Call-in**

There were no items to support.

80 **Responses from Full Council, Policy & Resources Committee and Community Services Committee to reports of the Overview & Scrutiny Committee**

There were no matters to report.

81 **Presentation from Inspector Tim Hutchinson, North Yorkshire Police**

Inspector Hutchinson from North Yorkshire Police presented an overview of the work done within the service during the last financial year. A copy of his report was distributed to all Members. It had been an excellent year, which had seen reductions in all areas of crime and a total overall crime reduction of 16%.

Close working with partner agencies and shared community priorities were seen as a key contributing factors. Following questions, the Chair thanked Inspector Hutchinson for a comprehensive and informative report.

82 **Review of the Effectiveness of the System of Internal Audit**

The Corporate Director (s151) submitted a report (previously circulated) in order to present the Annual Review of the Effectiveness of the System of Internal Audit from the North Yorkshire Audit Partnership.

The Accounts and Audit Regulations required all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit Function. The amendment in SI2006/564 introduced a new requirement to undertake an annual review of the effectiveness of the system of Internal Audit on an annual basis.

In order to reach an assessment of the effectiveness the Partnership had undertaken a survey of the principal recipients of Internal Audit, the Chief Executive, Strategic Directors and Heads of Service.

The report (appended at Annex A), presented the Review of Effectiveness for the period 1 April 2009 to 31 March 2010 from the North Yorkshire Audit Partnership. The report detailed the methodology applied and the results of the work. Members were advised that this process would evolve, as would the opinion from the Council's external auditors who would consider this report as part of their work examining the validity of the Council's Annual Governance Statement.

Overall the report provided an assurance that the internal audit service provided through the Partnership did meet the criteria for an effective system of internal audit.

Resolved

The report for 2009/10 be approved.

83 Internal Audit Terms of Reference

The Corporate Director (s151) submitted a report (previously circulated) in order to present the Terms of Reference for the Audit Partnership in delivering the Internal Audit for Ryedale District Council.

Members were advised that although the last review identified that the Partnership had a well-established and mature relationship with Council, it was noted that there were no formal Terms of Reference in place.

The Terms of Reference (TOR) were appended at Annex A, they set out a number of areas including:

- Responsibilities and Objectives
- Reporting lines and Relationships
- Independence and Accountability

The Terms of Reference clearly defined the working relationship between the Council and North Yorkshire Audit Partnership, and also resolved one of the outstanding matters from the self-assessment undertaken as part of the Accounts and Audit regulation 6, Review of the effectiveness of the system of internal audit.

Resolved

That the Internal Audit Terms of Reference set out in the attached report for 2010/11 be approved.

84 Decisions from other Committees

Lists of Decisions from the following Committees were submitted:

Community Services held on the 25 March 2010
Policy & Resources held on the 1 April 2010

Councillor Mrs Wilford referred to the Community Services decisions and in particular relating to the item on Private Water Supplies. Councillor Mrs Wilford was concerned about a lack of clarity with the advice provided in relation to a Member's Declaration of Interest. The Corporate Director (s151)

advised that he would raise the issue with the Monitoring Officer, and further clarity would be provided before the next meeting of Council in May 2010.

Resolved

That the list of decisions of the Community Services Committee held on the 25 March 2010 and the Policy & Resources Committee held on the 1 April 2010 be received.

85 **Any other business that the Chairman decides is urgent**

There was no urgent business.

86 **Exempt Information**

Resolved

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item as there will be a likely disclosure of exempt information as defined in Paragraphs 1 as the information relates to any individual.

87 **Review of Property Maintenance Overspend**

The Corporate Director (s151) submitted a report (previously circulated) in order to present a review of the Property Maintenance Overspend as undertaken by the Council's external Auditors Deloitte. A copy of both Deloitte's report and the report by the North Yorkshire Audit Partnership following an investigation (completed in November 2009) were appended.

The report considered the issues through four categories,

- Adequacy of financial procedures and their application to the Property Maintenance budget.
- Changes to procedures and training
- Monitoring arrangements
- Involvement of Officers and external advisors.

Four recommendations were made in the report, which had been agreed by Officers.

The report was discussed at length and the Chair welcomed Mr Ritchie from Deloitte, who answered questions from the Committee on the report and its findings.

Councillor Clark requested consideration of how the public would be made aware of the outcome of the review due to the exempt nature of the reports. It was agreed that the Corporate Director (s151) would consider this in the minutes.

Consequently the four recommendations from Deloitte, agreed for implementation by the Council are as follows:

- 1 Manual Reports to be generated by the Facilities and Emergency Services Manager to review the level of expenditure against order levels and to assess the validity of multiple orders being raised with the same contractor. Any instances of apparent manipulation of the financial procedures should be reported immediately to the Corporate Director (s151). Enquiries should also be made to ascertain the scope for the new Powersolve Modules to generate these reports automatically from 2010/2011.
- 2 Additional training/guidance is given to all staff involved in raising orders and approving invoices to ensure that they are fully aware of the procedures in place. Training should be given both to new members of staff, as part of the induction process, and existing members of staff through annual reminders and updates.
- 3 The Corporate Director (s151) should issue a formal briefing note to staff involved in the processing and payment of invoices to highlight the importance of ensuring that invoices are only processed after the satisfactory completion of required approvals.
- 4 All Officer and external consultants should be required to disclose any related party transactions. These should be recorded on initial employment with annual reminders for example as part of the year-end close down process. Any disclosures should be reviewed by the Corporate Director (s151) to assess further action required to ensure that potential conflicts of interest have been addressed.

Resolved

That the report be received.

This page is intentionally left blank