

# ITEM 4

Time Commenced: 6.00pm  
Time Finished: 7.30pm

## **AUDIT AND ACCOUNTS COMMITTEE THURSDAY 1 NOVEMBER 2007**

**Present:** Councillor Tittley (Chair)  
Councillors Higginbottom, Jackson, Jones, Rawson, Smalley and Williams.

### **27/07 Apologies for Absence**

An apology for absence was received from Councillor Allen.

### **28/07 Late Items**

There were no late items.

### **29/07 Declarations of Interest**

There were no declarations of interest.

### **30/07 Minutes**

The minutes of the meeting held on 27 September 2007 were agreed as a correct record and signed by the Chair.

## **Internal Audit and Risk Management**

### **31/07 Internal Audit – Half Yearly Report**

The Committee considered a report from the Head of Audit and Risk Management, summarising the output of internal audit for the first half of the fiscal year. The report included an analysis of audit opinion on the system of control for all finalised audits by department, productivity achieved and time spent on the main areas of audit work.

Changes to the audit plan were attached at Appendix 4.

### **Resolved to:**

- 1. note the activity and performance of Internal Audit in the first half year of 2007/08.**

**2. Approve the changes to the 2007/08 audit plan.**

**3. Include the following items on the audit work plan:**

- **Partnerships within departmental schemes of delegation**
- **Procurement and tendering procedures.**

## **32/07 Derby Advertising Video and Information Screen**

The Committee considered a report from the Head of Audit and Risk Management, which included the response of the Chief Legal Officer to Internal Audit's report on the Derby Advertising Video and Information Screen (DAVIS).

Stuart Leslie, Chief Legal Officer presented his report and drew the Committee's attention to the conclusion, in particular that after Richard Williams took over responsibility for the project Contract Procedure Rules had not been breached as they did not apply to post contract negotiations. He went on to point out that when Bob Flack had signed the agreement with Jayex, the provider of the screen, he had legally committed the Council to buying the screen.

Members of the Committee expressed concern over how the project had been managed and Councillor Smalley asked why it had taken a year for the problems associated with the procurement of the Jayex Screen in 2003 to be brought to the Council Cabinet's attention. Councillor Tittley said that there appeared to have been serious deficiencies in project management procedures.

Stuart Leslie responded that the senior officers who took over following Bob Flack's departure had continued with the implementation of the project to the best of their abilities, but had little room for manoeuvre as a legally binding contract was in place. Despite this they had nonetheless improved the Council's position as set out in the report. He said that he believed the Council Cabinet were told of the issue when new problems arose around October 2004.

Councillor Smalley expressed his disappointment about how the situation had occurred and the subsequent management of the project and that he still wished to pursue further points in the original audit report in relation to standing orders and financial regulations.

### **Resolved to**

**1. note the report.**

**2. include post contract negotiations, if appropriate to do so, into the current review the Council's Contract Procedure Rules.**

### 33/07      Exclusion of the Press and Public

The Committee considered whether to pass the following resolution to exclude the press and public:

“That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”

**Resolved to exclude the press and public.**

At this point Councillor Jackson left the meeting.

### Investigations

#### 34/07      Debt Recovery

The Committee considered a report from the Head of Audit and Risk Management that detailed the main control weaknesses identified during an investigation into the debt recovery section.

Councillor Williams expressed concern that the weaknesses identified with regard to the system for controlled stationery needed to be addressed immediately.

Don McLure, Corporate Director of Resources, told Councillor Williams that he would be willing to meet with her and the Assistant Director – Financial Services to try to address her concerns before the next meeting of the Committee.

Councillor Smalley asked if there was any scope for Internal Audit to set and enforce a timeframe within which their recommendations are implemented following an audit report. He also suggested that if recommendations are not implemented without good reason, the responsible officer would be subject to making representations to the Audit and Accounts Committee.

Don McLure responded that he thought this was a good idea so long as the timescales were reasonable and agreed in consultation with the appropriate Assistant Director.

**Resolved to**

**1. note the report.**

- 2. ask Councillor Williams to report any significant issues at the next meeting of the Committee arising from her meeting with the Corporate Director of Resources and Assistant Director – Financial Services to discuss the report.**
- 3. ask that future recommendations from Internal Audit following an audit report include a timescale within which they should be carried out and that any incomplete actions would be brought to the attention of the Committee for explanation if recommendations are not implemented without good reason.**

At this point Councillor Williams left the meeting.

## **35/07          Environmental Services**

The Committee considered a report from the Head of Audit and Risk Management that detailed the main control weaknesses identified during an investigation into one area of the Environmental Services department.

The Investigating Officer and Interim Director of Environmental Services attended and addressed the Committee.

Concern was expressed by the Committee as to how and when the weaknesses identified in the report would be addressed.

Dave Pickering, Interim Director of Environmental Services told the Committee that he was in the process of drawing up a plan to address the issues in consultation with Internal Audit and departmental finance officers, which he would instruct the Assistant Directors and Heads of Service to comply with.

### **Resolved to**

- 1. note the report.**
- 2. ask the Interim Director of Environmental Services to provide a progress report to the next meeting of the Committee.**
- 3. reschedule the 6 December meeting in order to permit the Interim Director's attendance if possible.**

MINUTES END