

Time Commenced: 6.00pm
Time Finished: 7.34pm

**AUDIT AND ACCOUNTS COMMITTEE
3 FEBRUARY 2011**

Present: Councillor Ashburner – Chair
Councillors Harwood, Jackson, Roberts and Troup

54/10 Apologies for Absence

Apologies for absence were received from Councillors Chera and Davis.

55/10 Late Items

There were no late items.

56/10 Declarations of Interest

There were no declarations of interest.

57/10 Minutes

The minutes of the meetings held on 2 December 2010 were agreed as a correct record and signed by the Chair. In relation to item 43/10 the question was asked as to whether the report of the eight schools whose balances were above the threshold had been produced. Officers replied that the report had not yet been produced but that it would now be circulated to all members of the Committee prior to the next meeting on 24 March 2011.

58/10 Non-Compliant Contracts

The Head of Procurement gave a brief explanation of the two items listed as non-compliant. These related to an investigation commissioned by Human Resources (HR) and security services for the markets.

In the latter case, in light of the breach of European procurement directives, members asked if the report had been reviewed by the legal department. Officers replied that the breach had been inadvertent as the market traders had entered into a number of separate contracts which totalled over £120,000 across

three sites, the Eagle Centre, Market Hall and Cattle Market.

Councillor Harwood asked what, if any, issues requiring security had arisen in the markets. Officers replied that security was required on Saturday afternoons, to provide for the safety and security of staff working in the market and to ensure security was maintained when the market was unoccupied in the evenings.

Returning to the underestimated expenditure on the HR investigation (£23,000 spent vs an initial estimate of under £5,000) members asked whether spending had now been completed and why the original estimate was so inaccurate. The Director of Human Resources confirmed that the investigation and associated expenditure was now complete and apologised for the fact that costs had spiralled from the original estimate. Councillor Roberts sought assurances that the under-estimate was not made cynically so as to avoid appropriate procedures. The Director of Human Resources assured members that this was not the case but admitted that the real problem had been that there had been no proper control of costs in this case. He reiterated that this expenditure was now complete.

59/10 Contract Waivers

The Head of Procurement briefly outlined the cases of contract waivers in the report to members.

In light of the Chief Executive's report of the day before, Councillor Roberts asked why the first item listed, a 3 year extension to the support and maintenance contract for the Revenue and Benefits software, had been approved via a contract waiver. The Head of Procurement explained that as the council could not currently afford to replace the current system there was no choice but to extend support with the current provider. This extension was at some risk as it sat outside the scope of the original contract.

Members then asked if the £700,000 agreed for expenditure by Derby Homes was additional to the original contract. The Head of Procurement answered that £700,000 was the revised total for the whole contract, and that the item was being referred back to the Committee in order to update the original waiver.

Councillor Roberts raised concerns that the Children and Young People's Directorate had sought a total of 5 waivers totalling £67,000 without seeking alternative quotations.

Councillor Roberts then asked what delays had led to the need to extend the Occupational Health contract for a further six months. Officers replied that the time was needed in order to finalise and put in place staffing for the new in-house service.

Members concluded by agreeing that the waiver for the last item, the installation of access equipment at Queens Leisure Centre, was the only waiver, in their opinion, that was justified.

60/10 Audit of Pre-employment Checks

Officers gave a brief introduction to this report, explaining that the audit team have to give their agreement to actions proposed in response to recommendations made before they can be accepted.

Members then raised a number of questions relating to the report.

Councillor Harwood asked if the employment of unsatisfactory agency staff had now ceased. The Director of Human Resources (HR) replied that this employment had now ceased, although the recommendations in the report had, in fact, referred to checks not being recorded rather than not being done.

Members asked a series of questions relating to Comensura, the company managing the employment of agency staff on the council's behalf. Officers explained that Comensura act as brokers to whom we outline our requirements for staff, for example completion of CRB checks and evidence of employment history over the previous 5 years. They carry out spot checks on agents against these requirements and have suspended agents in the past for non-compliance. It was added that we do have liability cover in place should an agent fail to carry out their work as required.

Councillor Roberts requested that members of the Committee be supplied with a report outlining the benefits of working with Comensura which the Director of HR agreed to supply.

Referring to the report members asked how many managers had taken part in the training recently given on "Right to work in the UK". Officers answered that less than ten managers had completed the training.

Councillor Troup asked if officers were satisfied that all areas of significant risk had been adequately addressed through the audit. Officers replied that all areas of major risk had been assessed.

Councillor Harwood asked how much money the council had lost to fraud last year. A previously employed debt recovery manager had committed major employment fraud and been pursued over a period of 5 years. The Director of HR added that procedures at the council had progressed significantly since the audit was conducted. A single recruitment team was now in place making it much easier to ensure a consistent recruitment process.

Members asked if there is a system in place to record the decisions of recruiting managers. Officers explained that decisions were recorded on the Vision system against the post recruited for but that the name of the recruiting manager was not noted against the decisions.

Councillor Harwood observed that there had been a lot of thefts from the Council House in the past and asked if the council had a list of staff supplied via Comensura and whether they were security checked. The Director of Resources said he would check if Facilities Management had a list although it was not known if thefts had been made by staff or other visitors to the building.

Councillor Roberts asked what further training was planned for managers in carrying out pre-employment checks. Officers replied that we now have a centre of excellence within the Employee Services Centre, (ESC). Half of the team have been on CRB training. Further training has been identified.

Councillor Roberts asked whether the discussion of financial monitoring referred to on page 23 of the final audit report had taken place. The Director of HR reported that it had not yet happened but gave an undertaking that it would.

Councillor Harwood asked about the status of checks to verify the legal right of our employees to work in the UK. Officers replied that safeguards were now in place but that there could not be an absolute guarantee that all existing employees were eligible. Councillor Roberts asked whether the cost and benefits had been evaluated for any sample assessment of existing staff's right to work in the UK. Following discussion the Director of HR agreed to carry out such an evaluation.

Finally Councillor Harwood asked if referees were ever checked themselves. Officers replied that one of the referees asked for was always the current or previous employer as applicable.

61/10 Role of Head of Internal Audit

The Head of Internal Audit reported that he would bring the local government version of the CIPFA document to the committee when it is published.

Following discussion members unanimously agreed the following:

Recommendation

- 1. The Head of Internal Audit should have access to any part of the council where he feels it is required, in compliance with principal 3 of the CIPFA statement of the Role of the Head of Internal Audit in**

public service organisations.

62/10 Training for members

Members were referred to appendix 2 of the report outlining a draft training programme for members of the Audit and Accounts Committee.

Councillor Roberts suggested that the Risk Management module would be beneficial for members of this Committee and for the members of the Council Cabinet. He also suggested that the governance training session and workshop could be combined into a half day session with a similar approach taken to the last two sessions on the list; namely the role of the Audit and Accounts Committee and Interpreting the Statement of Accounts.

The Director of Resources suggested that training on Interpreting the Statement of Accounts would be best delivered at the end of June to coincide with the publication of the council's statement of account.

Minutes end