

## **BUSINESS EFFICIENCY BOARD**

*At a meeting of the Business Efficiency Board held on Wednesday, 26 May 2010 at the Committee Room 1, Runcorn Town Hall*

Present: Councillors M Lloyd Jones (Chairman), Howard, A. Lowe, A. Macmanus, McDermott, Murray, Norddahl, Philbin, E. Ratcliffe and J. Roberts

Apologies for Absence: Councillor Leadbetter

Absence declared on Council business: None

Officers present: B. Dodd, C. Halpin, I. Leivesley and M. Murphy

Also in attendance: None

### **ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD**

		<i>Action</i>
BEB1	MINUTES	
	<p>The minutes of the meeting held on 10 March 2010 having been printed and circulated were agreed as a correct record.</p>	
BEB2	DECLARATIONS OF INTEREST BY OFFICERS	
	<p>The Board received a report of the Strategic Director, Resources which provided an update in relation to the arrangements for Declarations of Interest which applied to all Officers of the Council, in order to maintain the values of good governance and ethical behaviour.</p> <p>It was noted that the Board had received a detailed report on Declarations of Interest and Registration of Gifts and Hospitality at its meeting on 3 June 2009.</p> <p>Members were advised that there was a specific duty under Section 117 of the Local Government Act 1972 that if it came to the knowledge of an Officer employed by a local authority that a contract in which he or she had any financial interest had been or proposed to entered into by the Authority, he or she must as soon as practicable give notice</p>	

in writing to the Authority of the fact. Failure to do so was a criminal offence.

Furthermore, Members were advised that it was also an offence for Officers to receive within their office or employment any fee or reward other than proper remuneration.

It was noted that the Officers' Code of Conduct within the Constitution contained detailed provision concerning these matters and it was the personal responsibility of Officers to ensure proper declarations and, of course, there was a vital need to ensure public confidence in local government.

Members were advised that only exception to the general rule about Officers not accepting gifts or hospitality related to small gifts of nominal value, for example, inexpensive calendars, diaries etc. Any hospitality given or received by Officers must be justified in the public interest and should be proportionate to the occasion. Offers of hospitality must be refused where a suggestion of proper influence was possible.

It was noted that each Chief Officer was required to maintain a Gifts and Hospitality Register showing what gifts/hospitality had been offered, to whom and by whom, when, with whom the offer was discussed, and whether or the not the offer was accepted.

A register for Officer Registers of Gifts and Hospitality was held in each of the Council's Strategic Directorates and the Officers responsible for their maintenance were set out in the report.

RESOLVED: That the report be noted.

**BEB3 ACCOUNTING POLICIES FOR THE 2009/10 ABSTRACT OF ACCOUNTS**

The Board received a report of the Operational Director, Finance which outlined the accounting policies to be used when preparing the Council's Statement of Accounts (The Abstract). The report also highlighted some key changes arising from the annual Statement of Recommended Practice, (SORP) and the phased implementation of International Financial Reporting Standards (IFRS), and indicated where these would affect the 2009/10 Abstract.

Members were advised that accounting policies were the principles and practices applied by the Council to reflect how its financial transactions were shown in its records and statements. These principles required that the Council's accounting statements should ensure relevance, reliability, comparability, materiality and to be understandable. In addition, there were three general concepts that underpinned the financial statements and each of the individual accounting policies and these were set out in the report.

It was noted that the 2009/10 SORP included a number of changes that would affect the content of the 2009/10 Abstract. These were summarised in the report. Full details of the resultant accounting policies that would be used to prepare the Council's 2009/10 accounts were appended to the report.

It was agreed that a training session on the Council's accounting policies would be arranged to take place before the next meeting of the Board.

RESOLVED: That

- (1) the Council's accounting policies as set out in Appendix 1 to the report, be endorsed;
- (2) the impact of updates to the Statement of Recommended Practice outlined in Section 5, be noted; and
- (3) a training session on accounting policies be undertaken prior to the next meeting of the Board on 30 June 2010.

**BEB4 PROGRESS WITH IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The Board received a report of the Operational Director, Finance which provided an update of progress with the implementation of International Financial Reporting Standards (IFRS).

It was noted that that the Council would be required to prepare its Statement of Accounts (The Abstract) for the financial year ending 31<sup>st</sup> March 2010, on the basis of IFRS in compliance with the IFRS Accounting Code of Practice.

Members were advised that in to prepare the 2010/11

year end accounts on this basis, it was necessary to restate the 2009/10 accounts in order to provide comparative figures and also to restate for 2008/9 balance sheet to provide the opening balances.

Members were further advised that it would also be necessary to ensure a number of the Council's systems were able to provide adequate financial and non-financial information to meet the requirements of IFRS.

It was noted that the implications of compliance with IFRS were wide-ranging, both financial and non-financial, and would affect all areas of the Council. An IFRS specialist had been commissioned to undertake a baseline review of the Council's current practices and to compare these with the requirements of IFRS, which was now being used as the basis for the implementation project.

It was further noted that a number of strands of IFRS work were currently underway, the key areas of which were presented in the report along with details of progress.

RESOLVED: That the report be noted.

BEB5 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- (1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Sub-Section 4 of Section 100A of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- (2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, members of

the press and public be excluded from the meeting during consideration of the following item of business in accordance with Sub-Section 4 of Section 100A of the Local Government Act 1972 because it is likely that, in view of the nature of the business, exempt information will be disclosed, being information defined in Section 100 (1) and paragraph ?? of Schedule 12A of the Local Government Act 1972.

(NB: Councillors A. Lowe, MacManus, Norddahl and Roberts declared a personal interest in the following item of business due to being Governors respectively of the following schools, Hallwood Park Primary School, St Peter and Paul's Catholic High School, Beechwood Primary School and Ditton Primary School).

**BEB6 INTERNAL AUDIT PROGRESS REPORT - QUARTER 4 (2009/10)**

The Board considered a report of the Operational Director, Finance which provided a summary of Internal Audit work for the period January to March 2010.

The report set the internal audit reports finalised since the last progress report, key issues and recommendations arising from the audits completed and the results of the work undertaken following the implementation of previous Internal Audit recommendations.

Arising from Members discussions a number of actions were agreed, as set out below.

RESOLVED: That

- (1) the Internal Audit work completed in the quarter be noted;
- (2) a copy of the audit plan be sent to new members of the Board;
- (3) that when the audit of Hallwood Park Primary School is followed up this include the Community Fund; and
- (4) the style of internal audit reports be reviewed in light of Members comments

**BEB7 INTERNAL AUDIT ANNUAL REPORT - 2009/10**

The Board received a report of the Operational

Director, Finance which presented the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's control environment and which enabled the Board to consider the review of the effectiveness of the system of internal audit.

It was noted that Internal Audit work completed during 2009/10 financial year was carried out in accordance with the Internal Audit Plan, which was approved by the Business Efficiency Board on the 25 February 2009. The Plan was constructed in such a way to allow Internal Audit to form an overall opinion of the Council's risk management, control and governance processes.

**Head of Internal Audit - Opinion on the Council's control environment**

Based on the audit work completed in 2009/10, I am of the opinion that the Council has generally established adequate and effective risk management, control and governance processes to manage the achievement of its objectives.

Inevitably, some control weaknesses have been identified through the work of Internal Audit. This is not unusual when considering that the Council must respond to many challenges, both internal and external, and is responsible for providing a range of diverse and complex services, which are increasingly delivered in more innovative ways.

I am satisfied that the actions management has agreed to take in response to the control weaknesses identified will, if implemented satisfactorily, resolve them in an appropriate manner.

There are no outstanding significant control issues identified through the internal audit work completed in the year that require inclusion in the Council's Annual Governance Statement.

The Board was advised that the overall opinion detailed above was based upon the work completed during the year. The actual number of audit days delivered in 2009/10 was 1521 against 1514 planned days. This level of audit coverage was considered sufficient to ensure that a confident, evidence-based opinion could be provided.

A summary of the audit reviews completed during the year was included as an appendix to the report. A summary of 23 follow up audits completed in the year was also included in the report at Appendix 2. A full list of the schools assessed and the outcome of each assessment was attached as Appendix 3.

It was noted that there were no outstanding significant control issues identified through the Internal Audit work completed in the year which required inclusion in the Council's Annual Governance Statement.

RESOLVED: That

- (1) the Head of Internal Audit's opinion on the Council's control environment be endorsed; and
- (2) the findings of the effectiveness of the system of internal audit be endorsed.

*Meeting ended at 7.40 p.m.*