

BRECON BEACONS NATIONAL PARK AUTHORITY

Telephone: (01874) 624437

Plas y Ffynnon
Cambrian Way
Brecon
Powys
LD3 7HP

Dear Member

A meeting of the **INTERNAL REVIEW COMMITTEE** will be held in **THE MAIN CONFERENCE ROOM, PLAS Y FFYNNON, CAMBRIAN WAY, BRECON** on **MONDAY 25 SEPTEMBER 2006** at **9.30 am** when your attendance is requested.

Yours sincerely

CHRISTOPHER GLEDHILL
CHIEF EXECUTIVE

*****PLEASE NOTE EARLIER START TIME!*****

Cllr A Breeze (Chairman)
Cllr J Griffiths
Cllr Mrs K Silk
Cllr Mrs M Morris
Cllr W Powell

Cllr E Williams
Mr P Seaman
Mrs J Charlton
Mrs J James

Fire Evacuation Advice

***In the event of a fire, please exit the building via the main staircase,
and assemble in the car park at Assembly Point 3***

AGENDA

1.0 CORRESPONDENCE

To receive and consider the attached schedule of correspondence and make any recommendations thereon. (Below).

2.0 DECLARATIONS OF INTEREST

To receive any declarations of interest from members relating to items on the agenda. Members' attention is drawn to the sheet attached to the attendance sheet and the need to record their declarations.

3.0 MINUTES

To receive the minutes of the meeting held on 23 June 2006 and to authorise the Chairman to sign them as a correct record (**Enclosure I**).

4.0 PUBLIC SPEAKING

To give opportunity for members of the public to address the Committee in accordance with the Authority's Public Speaking Scheme.

5.0 ROLE AND REMIT OF THE INTERNAL REVIEW COMMITTEE

Audrey Oakley/Jane Davies

New Accounts and Audit Regulations (SI 2005/368) for Wales came into force on the 1 April 2005 and were applicable to the 2005/06 financial year. The Regulations introduces a number of new requirements including:

- Statement of Internal Control to be incorporated in the Statement of Accounts (Regulation4);
- Statement of Accounts to be signed by the Chair and Chief Executive of the National Park Authority
- A requirement to follow proper internal audit practices

Responsibility for Internal Control and Financial Management – Regulation 4 – The Accounts & Audit (Wales) Regulations 2005 states;

1. “The local government body shall be responsible for putting in place and ensuring that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes:

- (a) arrangements for the management of risk; and**
- (b) adequate and effective financial management.**

2. The local government body shall conduct a review at least once a year of the effectiveness of its systems of internal control and shall include a statement on internal control...”

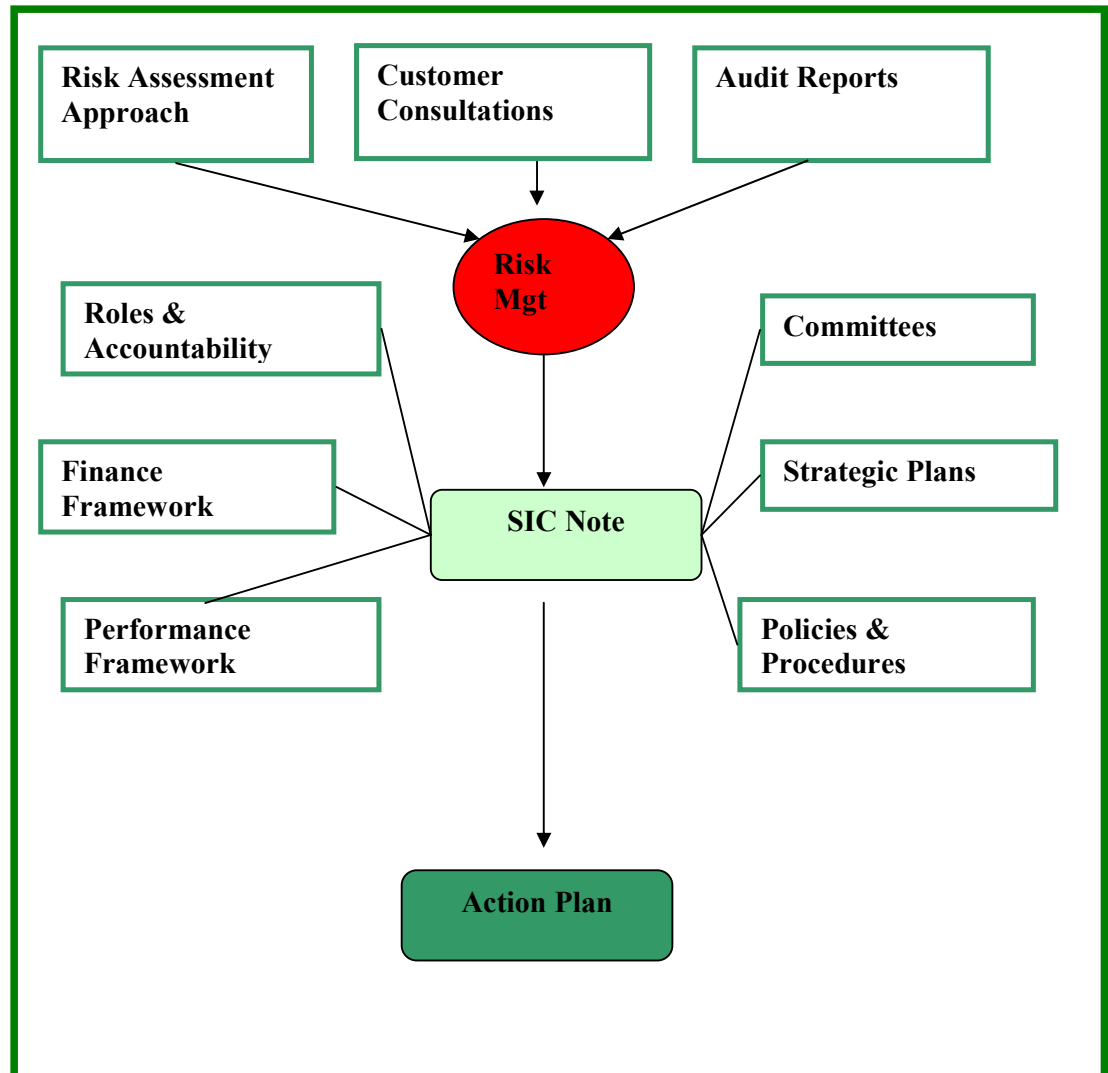
Basically what this means is that Regulation 4 introduces a new requirement for the National Park Authority to be explicitly responsible for internal control including the financial management and risk management systems of the Authority.

The Internal Review Committee has been established to implement the above new requirements and will examine the scope of internal control across the whole range of the Authority's activities and monitor the internal control mechanisms in place under the followings four headings:

- Policies, aims and objectives;
- Corporate Governance;
- Financial Management and use of resources;
- Performance and Risk Management

The 2005/06 Statement of Internal Control signed off by the National Park Authority in July 2006 identified weaknesses within the Authority's current systems and the Internal Review Committee will be responsible for producing and monitoring an action plan to address the identified weaknesses and ensure continuous improvement of the system of internal control within the range of activities listed above.

The role of the IRC is demonstrated by the diagram below: (fig 1)



The role of the committee as agreed by the Authority on 23 June 2006, is as follows:

Composition

The Committee shall comprise nine members of the Authority. The balance shall be six Unitary Authority members and three National Assembly for Wales appointees

Terms of Reference

To identify and manage risk to a reasonable level to achieve policies, aims and objectives, to consider and report on the Authority's financial position, financial audit, and performance and to undertake investigations of any project, department or area of activity.

Delegated Powers

1. To receive reports and make recommendations on the Statement of Internal Control, by reviewing the Internal Control environment to include:
 - Policies, aims and objectives
 - Corporate Governance
 - Financial management and use of resources
 - Performance and risk management
2. To receive reports and make recommendations to the Authority in respect of budget monitoring
3. To monitor and review the Authority's Corporate Improvement Plan, Future Directions and Scheme of Delegation.
4. To report and make recommendations to the Authority arising from the monitoring and review conducted pursuant to Paragraph 3 above.
5. To scrutinise, monitor and review the performance of the Authority's Committees
6. To report and make recommendations to the Authority arising from the scrutinising, monitoring and review conducted pursuant to Paragraph 5 above
7. To receive and make recommendations to the Authority in respect of internal audit reports

In addition, the following points have been agreed:

- The location of the meetings was important – either using half of the conference room or one of the Authority’s centres.
 - Training was vital, not only for the nine members of IRC, but subsequently for all members to understand the role of the IRC. This would avoid a perception that the IRC was a quasi-finance committee, and also avoid possible duplication of business. Members needed to understand what has to go to IRC rather than the NPA statutorily.
 - Monitoring would need to be a cumulative process throughout the year to avoid a ‘big bang’ at the end of the year with too many issues to consider. The balance scorecard approach would be helpful here, where a traffic light system would alert the Authority to problem areas.
 - The Chief Executive, Monitoring Officer and Section 151 Officer would be meeting on a quarterly basis to look at the SIC action plan.
 - Some space should be on the agenda for members to drive forward issues (however, the remit did not include blue sky thinking, which was the role of the Future Directions Forum)
- a) ***Financial, Staffing and Improvement implications: the Statement on Internal Control will involve all staff and Resources have been established to administer the Internal Review Committee.***
- b) ***Equality Issues: None***
- c) ***Sustainability Appraisal: The SIC will ensure a more efficient and effective exercise of our functions.***
- d) ***Human Rights: None***
- e) ***Background Papers: None***
- f) ***Corporate Objective: 8***

Recommendation: To approve the role and remit of the Internal Review Committee.

6.0 SIC ACTION PLAN 2006/07

Audrey Oakley

The 2006/07 action plan is attached at **Enclosure 2** for Members to consider and approve alongside the timetable of business for the Internal Review Committee attached at **Enclosure 3** in line with the Business cycle over the next twelve months.

- a) ***Financial, Staffing and Improvement implications: The SIC will involve all staff and Resources have been established to administer the Internal Review Committee.***
- b) ***Equality Issues: None***
- c) ***Sustainability Appraisal: The SIC will ensure a more efficient and effective exercise of our functions.***
- d) ***Human Rights: None***
- e) ***Background Papers: None***
- f) ***Corporate Objective: 8***

Recommendations:

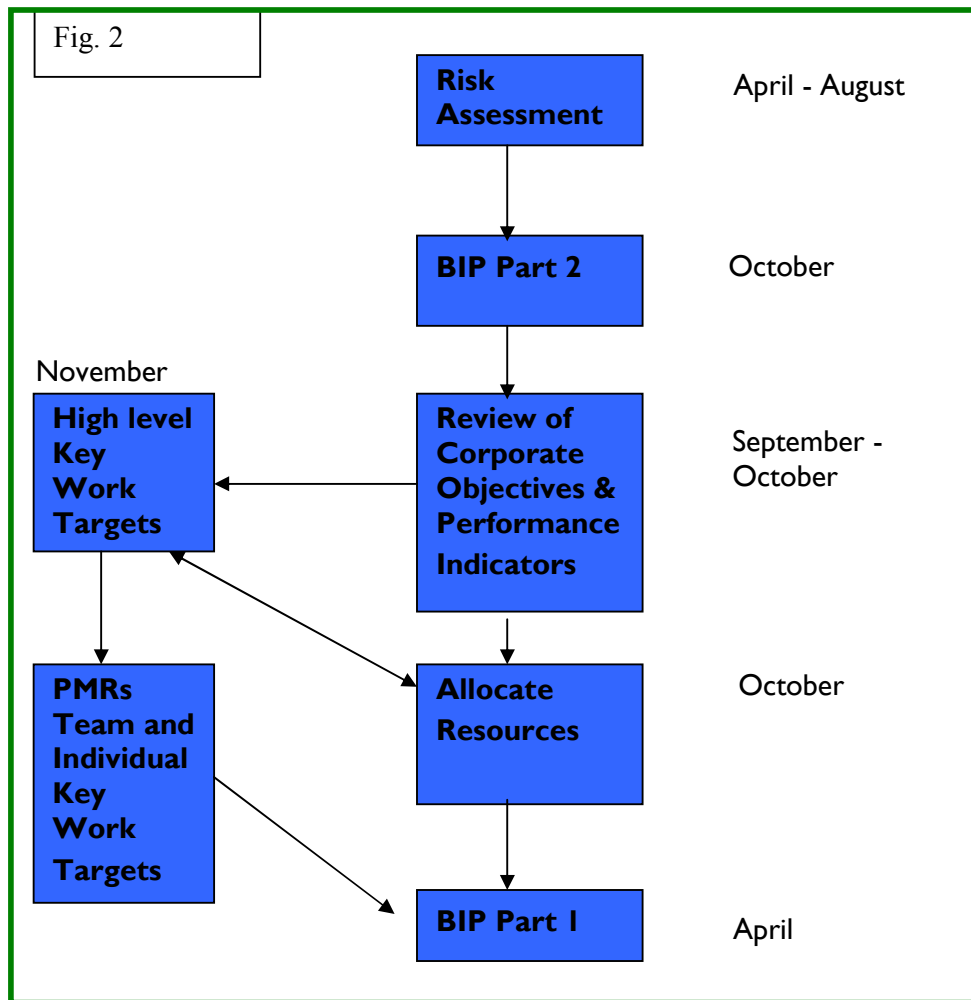
- a) ***That Members consider and approve the detailed SIC Action Plan for 2006/07***
- b) ***That Members consider and approve the timetable of business for the Internal Review Committee to consider over the next twelve months.***

7.0 PERFORMANCE MANAGEMENT FRAMEWORK

The Performance Management Framework has been reviewed and new requirements introduced by the Wales Programme for Improvement Programme have been built into the framework along with the use of some management tools such as European Foundation of Quality Management (EFQM) and Balanced Scorecard.

The Authority's Business Cycle sets out the timeline of events throughout the annual cycle which is required to happen in order for the Performance Management System to function smoothly.

However, it is recognised that sometimes the process is driven by external factors which do not necessarily assist the organisation in achieving the best performance management cycle. These are issues which will be addressed.



7.1 Risk Assessment

The new guidance for the Wales Improvement Programme stipulates that an annual assessment be carried out. The risks identified should be built into the Business Improvement Plan to be published in October as broad brush areas for the Authority to feed into its review of Corporate Objectives for the coming year and which it will try to resource.

A paper was presented to the Corporate Management Team on the EFQM tool, which is an established methodology for assessing organisational risks. EFQM also links neatly with the Balanced Scorecard methodology, which is a tool for determining organisational objectives. CMT agreed to use EFQM as a medium term strategy for determining risk and to use this methodology for the next 3-5 years in order to embed it into the culture of the organisation.

EFQM will be run as a pilot in 2006 and it was agreed that the Head of Performance work with the newly set up Service Managers Team (SMT) to carry this function out. This exercise will have been completed by the time of this meeting and the outcomes will be included in the Business Improvement plan part two which will be put before the National Park

Authority on 10 October. The outcomes will also feed into the review of the Corporate Objectives.

In future the annual assessment will take place between April and August in any year in order to feed into the review of the Corporate Objectives.

As shown in Fig. 1 on page 3 we currently have three approaches to assessing risk:-

- The internal assessment of surveying Members, CMT and staff;
- Risks identified by the Customer/Stakeholder primarily through the area Advisory Forums and a number of other consultations;
- Risks identified in the Audit Reports/Annual Audit letter.

7.2 Review of Corporate Objectives

This will normally take place after the annual risk assessment has taken place. The Corporate Management Team will use the outcomes of the annual risk assessment, feedback from customers/stakeholders and the risks identified in Audit reports to determine the themes to draft the Corporate Objectives.

CMT have yet to agree the methodology to be used to review the Corporate Objectives, but we are considering the merits of the Balanced Scorecard methodology alongside the Wales Audit test.

The draft Corporate Objectives will be put before the Future Directions Forum (FDF) and the agreed Corporate Objectives will be prioritised and resourced through the estimates.

Once the Corporate Objectives have been agreed the Services Management Team (SMT) will be given the task of setting the High Level Key Work Targets which will be incorporated into the Performance Management database and the Business Improvement Plan Part one (April) and also into the Performance Management Reviews for developing team key work targets and individual key work targets.

7.3 Performance Reporting Process

In the past performance reporting has concentrated on identifying those key work targets which will not be achieved or which require decisions. In order to be more strategic and effective the performance reporting process was reviewed through the Corporate Governance review and will now concentrate on looking at the impact the high level key work targets have on the Corporate Objectives.

The Corporate Objectives for 2006/07 are set out at **Enclosure 4** and the style of reporting set out in the Table at **Enclosure 5**.

Currently the Head of Performance meets every quarter with the Performance Management Team (in future this will be the SMT) to review

progress against the High Level Key Work Targets set out in the Performance Management Database.

Following the performance review the Head of Performance will meet Heads of Department to consider the impact of the High Level Key Work Targets upon the Corporate Objectives.

The table at **Enclosure 5** will be completed and this will form the basis of the reports which will be brought before the National Park Authority. If necessary, recommendations will be put before Members for their consideration and decision.

a) Financial, Staffing and Improvement implications: Staff time to carry out the assessment, CMT and member time to review Corporate Objectives

b) Equality Issues: None

c) Sustainability Appraisal: To improve performance throughout the Authority

d) Human Rights: None

e) Background Papers: None

f) Corporate Objective: 8

Recommendation: To approve the improvements to the Performance Management framework.

8.0 PERFORMANCE REPORT APRIL TO AUGUST 2006

Audrey Oakley

The newly established Service Management Team (SMT) will meet on 14 September to discuss progress against the High Level Key Work Targets for 2006/07.

The information from this meeting will be assessed by CMT to assess impact against the Corporate Objectives to be reported to the IRC

Due to timing this report will be tabled at the meeting.

a) Financial, Staffing and Improvement implications: This report will access impact on the Corporate Objectives and ultimately the Future Directions

b) Equality Issues: None

c) Sustainability Appraisal: This report should allow the Authority to make decisions which drive forward improvement.

- d) **Human Rights: None**
- e) **Background Papers: None**
- f) **Corporate Objective: 8**

Recommendation: That Members consider the Performance Report April to August 2006

9.0 BUSINESS IMPROVEMENT PLAN (BIP) 2006/09 PART TWO *Jane Davies/Audrey Oakley*

Under the Welsh Assembly Government guidance for the Wales Programme for Improvement, Welsh Local Authorities were given the choice to publish one Business Improvement Plan in October of the financial year, or publish the Business Improvement Plan in two parts, the second of which must be done in October.

The Authority chose to publish its Business Improvement Plan for 2006/09 in two parts. Part I was presented to the National Park Authority in July 2006 and concentrated on identifying the Corporate Objectives, High level Key Work activities and Performance Indicator Targets for the coming financial year.

The Business Improvement Plan 2006/07 Part 2 (see **Enclosure 6**) focuses on:-

- Reporting on performance over the last financial year (in this case 2005/06);
 - Identifying progress to date on the Corporate Objectives in the current financial year; and
 - Outlining the broad brush areas identified in the annual risk assessment, which the Authority will be looking to prioritise and resource in its work over the three years.
- a) **Financial, Staffing and Improvement implications:** *The preparation of Estimates for 2007/08 will focus on the priority areas of risk.*
 - b) **Equality Issues: None**
 - c) **Sustainability Appraisal:** *The BIP will focus on continual Business improvement*
 - d) **Human Rights: None**
 - e) **Background Papers: None**

f) **Corporate Objective: 8**

Recommendation: That Members consider and approve the components of the Business Improvement Plan 2006/09 Part 2.

10.0 BUDGET MONITORING REPORT 2006/07

Alan Elliott/Elaine Standen

Members are referred to **Enclosure 7** which includes the latest budget monitoring details for the period from 1st April 2006 to 31st August 2006.

Explanations in relation to variances (actual compared to estimate) have been included in the notes to the right hand side of the enclosure.

The period covers five months (42%) of the financial year and the overall actual net expenditure for the period (£1,669,554) represents 36% of the full year estimates.

- a) **Financial, Staffing and Improvement Implications: 36% of the net budget has been spent in the first five months of the year.**
- b) **Equality Issues: No implications.**
- c) **Sustainability Appraisal: No implications.**
- d) **Human Rights: No implications.**
- e) **Background Papers: None.**
- f) **Corporate Objective: 8**

Recommendation: That the contents of the report be noted.

Contact Officer: For further information contact Elaine Standen or Alan Elliott on 01874 624437.

11.0 FINANCE SYSTEM UPGRADE

Elaine Standen

11.1 Introduction

An enhancement to the Finance System (**QLx**) was agreed, subject to funding, at the Corporate Resources Committee on 27th January 2006. At a subsequent meeting on 12th May 2006 an amount of £7,290 was approved, and included in the 2006/07 estimates, for the Finance System upgrade.

11.2 Web Portal

The enhancement to the system will be the provision of a Web Portal which will cover the following:

- Improved budget discipline and purchase ordering process.
- Desktop access for budget holders and decision makers to live budget information.

11.3 Budget discipline and purchase ordering

The Web Portal will enable the streamlining of the ordering process whilst improving controls and budget discipline so that commitments are not entered into unless they are properly authorised. At the same time, raising an official order should be a quicker procedure with controls in the form of pass-worded access and no requirement for orders to be signed manually.

It is considered that the following benefits will be achieved:

- Designated staff would be able to request purchase orders and designated budget holders/department heads would be able to authorise them.
- Password access and work group controls will ensure that: staff can only raise orders on their own budgets.
- Individual spending limits will be enforced.
- Communications and queries re orders will be by email.
- Staff can monitor the progress of their own orders.
- Staff can request that new suppliers be set up by Finance.
- Orders can be printed and despatched without the need for signatures, speeding up the process.
- Product codes can be set up for frequently used items, with default codes and suppliers enabling faster entry of orders and reduced miscodes.

11.4 Desktop access to budget information

Budget Holders and all other staff with financial responsibilities will be able to monitor spend and commitments against budgets with instant access to the main financial enquiry screen on QLx. (At present, only Finance, the Chief Executive and Department Heads have access).

Simplified query options will make the system easy to use, promoting better budget management and demonstrating to staff the benefits of an efficient commitment based system.

a) Financial, Staffing and Improvement Implications: £7,290 already included in 2006/07 estimates. A further £2,170 is required for hardware and software updates.

b) Equality Issues: No implications.

- c) **Sustainability Appraisal: No implications.**
- d) **Human Rights: No implications.**
- e) **Background Papers: Previous Committee referred to above.**
- f) **Corporate Objective: 8 (Develop the Corporate Governance infrastructure to improve decision making, performance management and business planning by March 2008).**

Recommendation: That the Authority be recommended approve additional expenditure of £2,170 for hardware and software updates to be included in the Revised Estimates 2006/07.

Contact Officer: For further information contact Elaine Standen or Alan Elliott on 01874 624437.

12.0 OTHER BUSINESS

Such other business as is, in the opinion of the Chairman of such urgency as to warrant consideration.

SCHEDULE OF CORRESPONDENCE

1. To receive apologies for absence
2. Such other correspondence as, in the opinion of the Chairman, is of such urgency as to warrant consideration.