

MEETING AC.07:0708
DATE 27.03.08

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 27th March 2008**.

(10.35 a.m. – 11.35 a.m.)

Present:

Members: Derek Yeomans (in the Chair)
Tim Inglefield
Tom Parsley

Officers:

Donna Parham	Head of Finance
Gerry Cox	Head of Internal Audit Partnership
Mike Holliday	HR & Performance Manager
Andrew Blackburn	Committee Administrator

62. Minutes

The minutes of the meeting held on the 24th January 2008, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

63. Apologies for Absence

Apologies for absence were received from Cllrs. Mike Best, Ian Martin, Roy Mills, John Richardson, Peter Roake, Alan Smith and Colin Winder.

The Chairman thanked Cllr. Tim Inglefield for having attended the meeting when feeling unwell to ensure that a quorum was achieved for the meeting.

64. Declarations of Interest

There were no declarations of interest.

65. Public Question Time

No questions or comments were raised by members of the public.

66. Internal Audit Quarter 3 Report 2007/08 (Agenda item 5)

The Head of Internal Audit Partnership summarised the agenda report, which provided members with a summary of Internal Audit activity for the period 1st October to 31st December 2007.

The majority of audits in the last quarter had been managed audits. These had shown that the majority of financial controls were sound. The only area of concern had been NNDR and improvements were already underway.

During the ensuing discussion, reference was made to the follow up work and outstanding recommendations relating to operational audits and, in response to a question regarding the dog warden service, the Head of Internal Audit Partnership commented that he would expect the actions shown as due in the future to have been completed by the next quarterly report. He also indicated that the service was not large and the time spent in carrying out the audit was not huge.

Reference was made by a member to the assessment of risk in relation to liabilities that may not be insured specifically, e.g. appeals against refusal of planning permission where costs may be awarded against the Council. The Head of Finance reported that the Council's insurances were to be audited next year and that risk assessment had been undertaken to a certain extent beyond the insured liabilities. She also reported that there was a reserve set up for "self-insurance". In response to a comment from a member, who felt that there was some potential for there to be more risk taking as opposed to being risk averse, the Head of Finance commented that as long as risks were identified, decisions could be made on the basis of knowing those risks.

In response to comments from members, the Head of Internal Audit Partnership commented that there were no significant issues arising from the Car Parks and Housing Benefits Services audits, both of which had been assessed as reasonable.

It was noted that further information would be given on follow up work and on the outcome of those service audits that were nearing completion or at an advanced stage in the next quarterly report. The Chairman commented on the need to monitor any matters arising in respect of the audits of the Octagon and Goldenstones.

RESOLVED: that the summary of Internal Audit activity for the period 1st October to 31st December 2007 be noted and accepted.

(Gerry Cox, Head of Internal Audit Partnership – (01458) 257410)
(gerry.cox@southwestaudit.gov.uk)

67. Internal Audit Charter (Agenda Item 6)

The Head of Internal Audit Partnership summarised the agenda report and asked the Committee to review and endorse the Internal Audit Charter as attached to the agenda. It was noted that the Charter was last reviewed by the Audit Committee at its meeting on 25th October 2007 to take account of a number of amendments suggested by the Audit Commission. Previously, however, the Charter had been reviewed towards the end of the financial year and carrying out a review now maintained the normal cycle.

In response to comments from members, the Head of Internal Audit Partnership indicated that their main emphasis was on the internal control environment but other work was carried out where requested. For example, it was noted that the Audit Partnership had been asked to look at the concessionary bus fares scheme.

Arising from discussion of this item, reference was made by a member to Bentley Jennison, consultants, who had recently reported on their analysis of the Council from the perspective of an organisation that was faced with ever reducing financial resources. In response to a comment, the Head of Finance indicated that the report was only one piece

of work that had been carried out, the outcome of which would not be lost and members would see some items feed through as part of the budget for 2009/10. She also confirmed that the consultants would be carrying out specific reviews of the Housing, Revenues and Benefits and ICT services.

RESOLVED: that the Internal Audit Charter as set out on pages 5-7 of the agenda be approved.

(Gerry Cox, Head of Internal Audit Partnership – (01458) 257410)
(gerry.cox@southwestaudit.gov.uk)

68. Progress on HR and Payroll Action Plans (Agenda Item 7)

The HR and Performance Manager summarised his report on the agenda, which updated members on the HR and Payroll Action Plans as requested at the meeting of the Audit Committee on 27th September 2007. Members were asked to note the progress made.

In referring to advertising, the HR and Performance Manager further reported that information was being collated manually at present whilst work to embed the Trent self service module so as to enhance its use by managers was ongoing. He indicated that this was not a key area at present because of the current recruitment freeze. With regard to training he reported that a process was in place for appraisals and monitoring although the figures on how many staff had individual development plans was not yet available. In referring to the Payroll Action Plan, he indicated that four actions had been completed with only one outstanding, which was not a high risk matter.

During the ensuing discussion, the HR & Performance Manager and Head of Finance responded to a number of members' comments including the following:-

- the HR and Performance Manager confirmed that the Trent HR computer system was fit for purpose;
- the HR and Performance Manager commented that the current recruitment freeze was not having any considerable impact on performance. The Head of Finance mentioned that the most recent quarterly performance monitoring report to District Executive was good and showed performance to be better and improving;
- reference was made to the situation with regard to voluntary redundancies and the HR and Performance Manager commented that where employees had applied for voluntary redundancy a decision was made by Management Board on the impact of the loss of that post before any application for voluntary redundancy was agreed. It was noted that where a post holder took on an acting role in addition to their other duties, the new role would have to be confirmed at some stage and there would be a need to ensure that performance could be maintained.

Having examined the action plans, members indicated that they were content with the progress made.

RESOLVED: that the progress with the HR and Payroll Action Plans be noted and accepted.

(Mike Holliday, HR and Performance Manager – (01935) 462637)
(mike.holliday@southsomerset.gov.uk)

69. 2007/08 Statement of Internal Controls Action Plan (Agenda item 8)

The Head of Finance summarised the agenda report and the Committee reviewed the progress with the 2007/08 Statement of Internal Controls Action Plan. She also reminded members that the Statement of Internal Controls would be replaced and incorporated into the new Annual Governance Statement in accordance with the revised CIPFA/SOLACE framework for delivering good governance in local government.

Upon considering the Action Plan, the Head of Finance responded to the comments of members including the following:-

- the Head of Finance confirmed that she was content with the HR (Trent) computer system. With regard to sickness monitoring, she reported that regular reports were made to Management Board and that sickness monitoring reports could be accessed from the HR system;
- reference was made by a member to the employment of consultants by the Council and the Head of Finance reported that the guidance and procedures to be followed in terms of their appointment were contained in the current Standing Orders and Financial Procedure Rules. She further mentioned, however, that the appropriate parts of Standing Orders and Financial Procedures Rules relating to contracts would be replaced and incorporated into the new revised Contract Procedure Rules, which were expected to be submitted to Audit Committee in April and Council in May 2008. With regard to concerns expressed about the amount of expenditure spent on consultants, the Head of Finance mentioned that the budget was now mainly held under strategic management and requests had to be made before consultants were employed. She noted the request of members to be made aware of the actual expenditure on consultants' fees.

RESOLVED: that the progress report in respect of the 2007/08 Statement of Internal Controls Action Plan be noted and accepted.

*(Donna Parham, Head of Finance – (01935) 462225)
(donna.parham@southsomerset.gov.uk)*

70. Date of Next Meeting (Agenda item 9)

Members noted that the next meeting would be held on Thursday, 24th April 2008 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

NOTED.

*(Andrew Blackburn, Committee Administrator – (01460) 260441)
(andrew.blackburn@southsomerset.gov.uk)*

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Chairman