

MEETING AC.08:0809
DATE 26.02.09

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, 26th February 2009**.

(10.00 a.m. – 11.00 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

John Calvert	Peter Roake
Roy Mills	Colin Winder
John Richardson (from 10.10 a.m.)	

Also Present:

Tim Carroll

Officers:

Rina Singh	Corporate Director - Communities
Donna Parham	Head of Finance
Gerry Cox	Head of Internal Audit Partnership
Dave Hill	Group Auditor – South West Audit Partnership
Garry Russ	Head of IT and Procurement
Andrew Blackburn	Committee Administrator

63. Minutes (Agenda item 1)

The minutes of the meeting held on the 22nd January 2009, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

64. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. Mike Best, Ian Martin, Tom Parsley and Alan Smith.

65. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

66. Public Question Time (Agenda item 4)

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

67. Internal Audit Quarter 3 Report 2008/2009 (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 2008.

The Head of Internal Audit Partnership further commented that overall the performance continued to be good. With particular reference to the managed audits, which involved carrying out a review of key controls of the main financial systems, he reported that the performance against internal controls continued to come out well.

Reference was then made to the operational audits, particularly the review undertaken of the Procurement Service, which had only received a partial assurance that areas reviewed were adequately controlled. The Committee considered the action plan, which outlined the actions that would be taken and the target dates for completion. Upon the Committee considering the action plan, the officers responded to member's questions and comments. Matters raised included the following:-

- reference was made to the Corporate Procurement Strategy and the need to update the action plan and set targets for completion of key phases thereby driving the Council's procurement policies into the core operational structures of the authority (point 1.1a). The Chairman queried whether the target date would be met.

The Head of IT and Procurement commented that the Procurement Strategy had been in place for some time and its associated action plan was reviewed by the Management Board and continued to be implemented. The Corporate Director – Communities referred to the recommendation being to update the action plan, which was being done and linked with the Strategy.

The Head of Internal Audit Partnership indicated that there were two primary concerns, i.e. progress with the action plan where many items were still outstanding and the plan not having had a major refresh, although he understood that was now being done.

The IT and Procurement Manager further commented that embedding the procurement policies into the operational structures of the authority was a large piece of work and was still ongoing. He indicated that he now had the support and resources to drive this forward with more vigour.

In response to a question from a member, the IT and Procurement Manager indicated that procurement covered all purchasing including services and commodities;

- In referring to the action relating to ensuring that the Contracts Register was brought up to date and maintained (Point 2.1a), the Head of IT and Procurement reported that a full time Procurement Officer was now in place and the register was being brought up to date. He referred to some contracts not changing on an annual basis with some running for several years, which could give the impression that the register was not refreshed. He acknowledged, however, the need for all contracts to be recorded in the register.

The Head of Internal Audit Partnership commented that concern had been expressed that some contracts, including those that were new, had not been included on the Contracts Register at all and that there did not seem to be a cohesive method of recording that information. This meant that the Head of IT and Procurement would not necessarily be aware of contracts that had been let and therefore would not be able to monitor, for example, compliance with EU rules. He mentioned, however, that information regarding a contract was held by the service department involved but the problem remained the recording of the contracts on a central register.

The Committee noted that although contract details were kept within individual service departments it was recognised by officers that there was a need for them to be collated centrally, which would be done by June 2009.

The Head of Finance commented that the budgets were under the control of service managers and there was a requirement under the Procurement Procedure Rules for Heads of Service to let the Procurement Section know of any contracts let. She felt that there was a need to remind Heads of Service of that requirement.

The Corporate Director – Communities and the Committee concurred with the comments of the Chairman that there should be a system or protocol to ensure that all contracts were recorded on a central Contracts Register;

- reference was made to Point 3.1a regarding the approved list of suppliers and the Head of Internal Audit Partnership commented that the basic concern was that there were a number of suppliers that were being excluded from applying for contracts with the Council because they were not included on either the Construction Line or BPI supplier accreditation lists. He also felt that the current practice did not necessarily support the use of local contractors.

The Head of IT and Procurement expressed his view that all contractors should go through an accreditation process to show that they came up to a competent standard and able to comply with any relevant legislation to enable them to work for the Council. He also referred to the need to minimise risks to the Council.

The Head of Internal Audit Partnership acknowledged the point made. He mentioned, however, that he had observed that some purchasing was done outside of the list because officers perceived that they could achieve better quality.

The Head of IT and Procurement indicated that he was not looking to exclude any suppliers as such. He expressed his view that it was the bureaucratic process people had to go through to become accredited that tended to put them off from seeking inclusion on the approved supplier list. The Committee noted that there was a registration fee to be included on the accredited list but the Head of Internal Audit Partnership commented that the costs of actually complying with the criteria may be the reason why some suppliers did not seek accreditation. The Head of IT and Procurement indicated that where suppliers were not on the approved list but showed a willingness to apply he would do what he could to assist them to become accredited at the appropriate level. It was noted that sole traders would have less criteria to meet than say a larger firm. He further indicated that many of the Council's former suppliers were now included.

The Chairman commented that he felt there was a need to ensure that the Council would not be liable for the actions of its suppliers;

- with reference to point 4.1b, and in response to the comments of a member, the Head of Internal Audit Partnership commented that the reason for publicising successful contractors was for the Council to be transparent about who it was letting contracts to rather than any form of recommendation.

- RESOLVED:**
- (1) that the Quarter 3 Report 2008/09 of the South West Audit Partnership be noted and accepted;
 - (2) that the actions taken to date in respect of the Procurement Service Action Plan resulting from the operational audit review be noted and

the Head of IT and Procurement submit a progress report to the Committee at its meeting in June 2009.

(Gerry Cox, Head of Internal Audit Partnership – (01458) 257410)
(gerry.cox@southwestaudit.gov.uk)
(Garry Russ, Head of IT and Procurement – (01935) 462076)
(garry.russ@southsomerset.gov.uk)

68. 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 27th March 2008.

RESOLVED: that the Internal Audit Charter as set out on pages 8-10 of the agenda be approved.

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

69. Date of Next Meeting (Agenda item 7)

Members noted that the next meeting would be held on Thursday, 26th March 2009 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