

MEETING AC.09:1112
DATE 22.03.12

South Somerset District Council

Draft Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 22nd March 2012.**

(10.00 a.m. – 11.10 a.m.)

Present:

Members: Ian Martin (in the Chair)

John Calvert	Roy Mills
John Dyke	John Richardson
Tony Lock	Colin Winder

Also Present:

Tim Carroll

Officers:

Amanda Card	Finance Manager
Gary Russ	Procurement and Risk Manager
Andrew Ellins	Audit Manager – South West Audit Partnership
Andrew Blackburn	Committee Administrator

Also Present:

Peter Lappin Audit Manager, Audit Commission

82. Minutes (Agenda item 1)

The minutes of the meeting held on the 23rd February 2012, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

83. Apologies for Absence (Agenda item 2)

An apology for absence was received from Cllr. Derek Yeomans.

84. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

85. Public Question Time (Agenda item 4)

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

86. Update on the Future of the Audit Commission (Agenda item 5)

The Audit Manager from the Audit Commission summarised the agenda report, which updated the Committee on the Government's plans for the future of external audit in respect of local authorities.

As mentioned in the agenda report, the Audit Manager reported that the work of the Commission was being outsourced as one procurement exercise prior to local authorities having the ability in future to appoint their own external auditors. It was noted that four firms had been awarded contracts covering a number of contract areas in England and particularly that Grant Thornton had been awarded the contract for the South West in addition to three other areas. Grant Thornton would, therefore, replace the Audit Commission as external auditors for the Council for the next five years. The Audit Manager indicated that he and other Audit Commission staff would transfer to Grant Thornton under the TUPE regulations.

During the ensuing discussion, the Audit Manager (Audit Commission) and Finance Manager responded to members' questions and comments. Points addressed included the following:-

- Grant Thornton already had public sector audit clients in the South West including East Devon District Council;
- it was anticipated that there would be a 40% saving in fees to the authority. The Audit Manager reported that a 10% reduction in fees had already been planned for 2012/13, whilst 5% could be attributed to internal efficiencies with the remaining 25% resulting from the tendering exercise. It was noted that the Audit Commission would still be responsible for setting the scale fees, which would be based on the contracts already let, after which the actual fee for the Council's audit in 2012/13 would be known. The Finance Manager commented that provision had been made in the budget for the audit fees;
- the Audit Commission was established by an Act of Parliament and would not be abolished until Parliament passed the necessary legislation. In the meantime, there would be a small core of staff to monitor the audit contracts with audit suppliers and act as the regulator. The Audit Manager mentioned that following the procurement exercise, around 700 people would transfer to the firms who had won the contracts;
- the Finance Manager commented that continuity was paramount and having the same person as auditor would mean that they would know how the Council operated and give that continuity;
- the Audit Manager informed members of the amount of audit work in percentage terms awarded to each of the four firms who had won the contracts;
- although the bulk of the contracted audit work related to local authorities, other organisations such as strategic health authorities, primary care trusts, NHS trusts but not foundation trusts, fire and police services were included;
- the Finance Manager indicated that she did not anticipate any extra workload within the accountancy team as a result of the changes;
- the Audit Manager reported that as part of the new arrangements the new auditors were required to speak to local authorities and the meeting relevant to SSDC would be held on 11th May 2012, which would give the opportunity for any issues to be raised with them. Cllr. Tim Carroll, Portfolio Holder for Finance, suggested that representatives of the Audit Committee attend the meetings.

RESOLVED: that the report updating members on the future of the Audit Commission and on the new arrangements for the future of external audit in respect of local authorities be noted.

*(Donna Parham, Assistant Director (Finance and Corporate Services) – 01935 462225)
(donna.parham@southsomerset.gov.uk)*

87. Risk Management Update including Partnering (suppliers, other agencies etc.) (Agenda item 6)

The Procurement and Risk Manager referred to the transfer of data in the risk register from the previous “Magique” system to the TEN system having been referred to at the Committee’s January 2012 meeting and to it having been noted that a detailed report on this matter had not been possible at that time because of ongoing changes and updates to the new system. The Committee had asked that a fuller report be made to this meeting of the Committee, particular reference being made to the recording of partnering risk in the register.

The Procurement and Risk Manager summarised the agenda report, which updated members on the status and nature of the partnering risks that were logged on the TEN risk register. In referring to the extract from the risk register attached to the agenda, he particularly mentioned those risks where no actions had been shown against them, which meant that in those cases the system was unable to report on action review dates. The Procurement and Risk Manager reported that the system had now been modified to highlight where there was a need for a review in such cases. He further confirmed that the whole risk register was available to members on the computer in the Members’ Room.

During the ensuing discussion, the Procurement and Risk Manager responded to members’ questions and comments. Points mentioned included the following:-

- a member expressed concern that there were some gaps in the information presented and commented that there needed to be an acceptance by officers that the monitoring of risk must be embraced and target dates for actions met. The Procurement and Risk Manager indicated that he was monitoring the position and suggested that the management of risk was now becoming more of a primary function for officer teams;
- the Procurement and Risk Manager referred to the Council’s Procurement Procedure Rules, which covered how contracts were awarded and indicated that officers had a continuing role to manage/monitor the contract, which included risk management. He further mentioned that he dealt with risk at a strategic level but also carried out spot checks on a service level to ensure that the appropriate monitoring was being done. He also indicated that monitoring reports were presented to Management Board on a regular basis;
- a member referred to entries on the register pertaining to the Somerset Waste Partnership and to some of those not having actions recorded against them. He enquired if more up to date information could be obtained. He also referred to the reference to the name of the contractors being out of date. The Procurement and Risk Manager commented that he was aware that some information was out of date and that there was a need for officers to spend time to update the information. He also indicated that the missing actions would need to be sourced through the Somerset Waste Partnership;
- in referring to ongoing work, the Procurement and Risk Manager mentioned that the Council had a person in-house who was able to carry out refinements to the system. He also reported that further risk awareness training for staff would take

place later in the year. Reference was also made to the Council’s new corporate plan and to the need to identify risks relating to it.

Members indicated that they were content to note the current position and agreed with the suggestion of the Procurement and Risk Manager that a further update be submitted in three months’ time.

RESOLVED: that the current position be noted and a further report on risk management including partnering be submitted in three months’ time.

*(Gary Russ, Procurement and Risk Manager – 01935 462076)
(gary.russ@southsomerset.gov.uk)*

88. 2011/12 Annual Governance Statement Action Plan (Agenda Item 7)

The Finance Manager summarised the agenda report and members reviewed the progress made on the 2011/12 Annual Governance Statement Action Plan.

During the ensuing discussion, a member referred to action 2 relating to ensuring awareness and compliance with information technology policies and it was suggested that members should be included in any such training. The Finance Manager indicated that she would inform the ICT Manager of the comments made.

Members referred to action 5 relating to ensuring that there was guidance for members on conduct once the Standards Committee was abolished. A discussion ensued during which comment was expressed that there was a need for transparency in respect of standards and the requirement for, and operation of, a code of conduct for members. Members were unanimously of the view that the Council’s Standards Committee should remain in place and that a robust code of conduct be adopted by the Council together with appropriate procedures including an appeal system.

- RESOLVED:**
- (1) that the progress made with the 2011/12 Annual Governance Statement Action Plan be noted;
 - (2) that the Assistant Director (Legal and Corporate Services) be informed of the Committee’s unanimous view that the Council’s Standards Committee should remain in place and that a robust code of conduct be adopted by the Council together with appropriate procedures including an appeal system.

*(Donna Parham, Assistant Director (Finance and Corporate Services) – 01935 462225)
(donna.parham@southsomerset.gov.uk)*

89. Date of Next Meeting (Agenda item 8)

Members noted that the next meeting of the Committee would be held on Thursday, 26th April 2012 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