

MEETING AC.01:1213
DATE 24.05.12

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, 24 May 2012**.

(10.00 a.m. – 10.35 a.m)

Present:

Members: Derek Yeomans (in the Chair)

Marcus Fysh	Terry Mounter
Tony Lock	John Richardson
Roy Mills	Colin Winder

Also Present:

Ian Baker Group Audit Manager

Officers:

Donna Parham	Assistant Director (Finance and Corporate Services)
Anne Herridge	Committee Administrator

1. Minutes (Agenda item 1)

The minutes of the meeting held on the 26 April 2012, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

2. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. John Calvert, John Dyke and Ian Martin.

3. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

4. Public Question Time (Agenda item 4)

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

5. Internal Audit Plan – Review of 2011/12 (Agenda Item 5)

Before summarising the agenda report, the Group Audit Manager, South West Audit Partnership (SWAP) informed members that the IIA now had Chartered status and were requiring Internal Audit Departments to demonstrate their compliance with the IIA

Standards; SWAP were currently going through a self-assessment which would require external validation.

He gave an update on the positions of the Internal Audit Plan at the end of 2011/12 and provided Internal Audits overall opinion on the Council's systems of internal control.

It was noted that only four reviews had received 'partial' assurance:

- Housing Benefit Fraud; compiled of a small team, and, although not a criticism, were failing against their own projected figures, this was currently being addressed;
- Property Services - The Group Audit Manager was confident that the areas highlighted had now been addressed and the finalised draft would soon be available;
- Wincanton Community Sports Centre – Management and Audit had addressed relevant issues;
- Members Interests - some members had at the time, not completed the register of interests, but this had since been achieved.

The Assistant Director (Finance and Corporate Services) pointed out that the Government were planning to introduce a National Fraud Team but details of the scheme were currently unknown as were details of the funding. That issue was partly the reasoning for currently keeping the benefit fraud team fairly small.

In response to a question regarding the 'reasonable' Audit Opinion for Car Loans, the Assistant Director (Finance and Corporate Services) pointed out that a "comprehensive" opinion had not been given because the policy had not been reviewed. This has now been completed.

In response to a query regarding the fact that the majority of Opinions were marked as 'reasonable' rather than 'comprehensive' the Group Audit Manager explained that 'reasonable' was the best position to be in as that meant risks were generally well managed but had action plans. The term 'comprehensive' was to be replaced by 'substantial'

In response to several questions the following replies were given:

- *With reference to PCI Compliance marked as 'reasonable' there was to be a review of staff awareness of Data security breaches;*
- *Unusual trends had been looked at with regard to the Analytical Review of Threat from Fraud or Corruption, and the Framework had been inspected with respect to the Policy Review;*
- *It would be rare to see 'comprehensive' on ICT Service as it could not be tightened up completely without having an impact on staff being able to carry out there work properly.*

In conclusion SSDC had held up well with Governance Audits and the good practice in relation to the Annual Governance Statement used by the Authority had been shared as an example with other partners within the SWAP group.

The chairman thanked the Assistant Director (Finance and Corporate Services) and her team for their commendable work.

RESOLVED: that the content of the Internal Audit Annual Report and Opinion be noted

Lead Officer: Andrew Ellins, Audit Manager
Contact Details: andrew.ellins@southwestaudit.gov.uk or 01935 462378

6. Review of Internal Audit (Agenda Item 6)

The Assistant Director (Finance and Corporate Services) summarised the agenda report and asked the Committee to note the findings of the review of the effectiveness of the Internal Audit through SWAP during 2011-12.

Members noted that the Assistant Director – Finance and Corporate Services (the Council’s S151 Officer) had undertaken the review and the findings had been reported to the Corporate Governance Group as part of the overall evaluation and supporting evidence for the Annual Governance Statement. It was found that overall the team had performed well and that view was supported by the comments of external auditors and client satisfaction.

It was noted that although the number of audits carried out had increased, the costs for the internal audit service were reducing.

In response to a question, the Assistant Director – Finance and Corporate Services, replied that the figure of 105% shown in the Performance Measure table was due to additional reviews being carried out compared to the original plan. She explained that the 11/12 Action plan had now been completed and that the Devon Audit Partnership was due to carry out a quality review as part of a 2012/13 Action Plan, but the assurance statement was still incomplete and she would bring that and the action plan to the Audit Committee meeting in July 2012.

RESOLVED: That the Audit Committee noted the findings of the review.

Lead Officer: Donna Parham, Assistant Director (Finance and Corporate Services)
Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225

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

The Assistant Director (Finance and Corporate Services) summarised the agenda report, which asked members to approve the Annual Governance Statement. It was noted that as a local authority the Council was required to demonstrate compliance with the underlying principles of good governance and that a framework existed to demonstrate this, one of the requirements was to produce an Annual Governance Statement, a copy of which had been attached to the agenda.

In referring to part 5 of the Annual Governance Statement, which related to significant governance issues, the Assistant Director (Finance and Corporate Services) highlighted the necessity to always look for improvements: staff were to have training and be made aware of the Bribery Act and Anti Money Laundering.

The chairman suggested that members should also be given the opportunity to have further awareness training, he suggested that could take place after Audit Committee meetings to tie in with items on the forward plan.

RESOLVED: That the 2011/12 Annual Governance Statement be approved.

Lead Officer: Donna Parham, Assistant Director (Finance and Corporate Services)
 Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225

8. Forward Plan and Programme of Meetings (Agenda Item 8)

The Assistant Director (Finance and Corporate Services) advised that it may be necessary to change some of the reports on the forward plan for February 2013 but she would discuss that further with the committee later in the year. In response to a query she explained that the Wincanton Community Sports Centre Audit Action Plan had to remain on the Forward Plan for September 2012 in order to give the Assistant Director (Health and Well-Being) time to prepare the report and carry out the agreed improvements.

With reference to members training sessions she would aim to organise refresher training for Statement of Accounts after the meeting to be held in June in order to prepare members for the meeting in September; they could then look at Treasury Management training in July followed by Risk Management during August or September.

Members discussed the possibility of starting the committee meetings earlier than 10.00 am in order to accommodate the training sessions but it was decided to keep the start time at 10.00am for the moment.

RESOLVED: That Committee approved the Forward Plan for 2012/13 and noted the Programme of Meetings for 2012/13 as set out in the Agenda.

9. Date of Next Meeting (Agenda Item 9)

Members noted that the next meeting of the Committee would be held on Thursday, 28th June 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