

MEETING AC.03 12:13
DATE 26.07.12

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, 26 July 2012**.

(10.00 a.m. – 10.55 a.m)

Present:

Members:

Derek Yeomans Chairman

John Calvert Roy Mills
John Dyke John Richardson
Marcus Fysh Colin Winder
Ian Martin

Also Present:

Cllr Tim Carroll SSDC
Ian Baker Group Audit Manager
Peter Lappin Audit Manager, Audit Commission

Officers:

Donna Parham Assistant Director (Finance and Corporate Services)
Anne Herridge Committee Administrator
Amanda Card Finance Manager
Karen Gubbins Principal Accountant - Exchequer
Gary Russ Procurement and Risk Manager

17. Minutes (Agenda item 1)

The minutes of the meeting held on the 28 June 2012, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

18. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs Tony Lock and Terry Mounter.

19. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

20. Public Question Time (Agenda item 4)

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

21. Audit of financial Controls 2011/12 (Agenda Item 5)

Reference was made to the agenda report, which introduced the Audit Commission's report on their findings from their Audit of Financial Controls for 2011/12.

The Audit Manager summarised the report, which showed the work carried out by the Audit Commission in looking at the Council's financial controls in advance of their audit of the Statement of Accounts. He indicated that the report was a positive one and referred to the Council completing the exercise to check the data matches (Experion) of single person discounts in respect of Council Tax, the results of the data matches still had to be reported to the Audit Committee.

In response to a query from the Chairman, the Assistant Director (Finance and Corporate Services), explained that due to an extremely heavy workload because of the implementation of the Council Tax Reduction Scheme and other legislative changes the Revenues and Benefit Manager had been unable to prepare the required report for Audit Committee.

In conclusion the Audit Manager said that the year end Audit testing was due to be completed by next week and the Annual Governance report should be presented to the Audit Committee in September. Overall the controls implemented appeared to be working and operating well.

In response to a members' question regarding the materiality threshold of £1.6 million the Audit Manager explained that he only assesses the controls operating each information system that generates income above £1.6 million. He gave an example that income from planning would not be included but income from car parks would be included. Some systems that generated less than the threshold could still be considered, for example any changes to the salaries of Senior Officers. The amount of the materiality threshold was specific to individual organisations.

Members were content to note the report.

RESOLVED: that the Audit Committee noted the contents of the Audit and Financial Controls report for 2011/12.

NOTED

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

22. Review of Internal Audit (Agenda Item 6)

The Group Audit Manager summarised the agenda report and explained that the review of Internal Audit was reported to the Audit Committee in May 2012. However at that time the independent review of controls to support the Statement of Accounts had not yet been received, nor had an independent quality review of the service.

The result of the independent review showed that there was general conformity to the IIA standards and the Code of Ethics. Results were shown in detail in the standards conformance evaluation summary, included as part of the External Validators report. Progress of the SWAP Quality Assessment Improvement Plan (QAIP) would be reported to members of the Audit Committee throughout the year.

After the general discussion between members the Group Audit Manager responded to several comments:

- Benchmarking - SWAP was currently looking at the option of comparing the data of other similar service providers. The responses from the staff questionnaire had raised further issues, and would require more consideration by the SWAP Management Team; any resulting actions would be incorporated into the QAIP;
- The client questionnaire had also raised some issues. The lowest scores had come from the two newest partners;
- Each Partners client officer carries out an annual review of internal audit; it is recommended that a detailed quality review should still be prepared every 3 – 5 years;
- Self assessment was carried out as openly and transparently as possible, it was important to address any issues that were raised.

A question was raised by an officer relating to the future governance of the Partnership and its compliance with TECKAL. After some discussion and in conclusion, the Assistant Director (Finance and Corporate Services) stated that a workshop has been planned in order to help members understand the issues surrounding the future Governance of SWAP. It was emphasised that once the legal issues had been resolved the local authority should not notice any difference in their relationship with SWAP except that some of the 'bureaucracy' will be reduced.

At the suggestion of one member, it was agreed that a brief report should be presented to AC members in October to bring them up to date against the agreed actions and target dates.

RESOLVED: That the Audit Committee noted the findings and action plan.

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

23. Exemptions from Procurement Procedure (Agenda Item 7)

The Procurement and Risk Manager summarised the agenda report. He explained that the modern procurement procedure gave greater freedom in terms of financial limits under which officers could place business and was far better than the old rules; there was better understanding and dialogue between the Procurement and Risk Manager and Officers. There appeared to be an issue regarding the Contract Register as it had become evident that some officers had a problem identifying exactly what a contract was. The Procurement and Risk Manager would organise a basic awareness training session to bring officers up to date with contracts and their implications.

As a side issue, he reminded members that the Localism Act could bring about a whole set of different issues regarding procurement, as local communities had a right to challenge LA's and could express an interest in running a service. Once an interest had been expressed the lengthy process would begin. There could be a risk that strategic services could be disbanded, the cost and impact of such an issue was unknown.

Several comments were made by members some of which included:

- Once the impact of community challenges were fully legislated the Audit Committee and Full Council would have to be informed of the implications;
- The forward view of the impact of the Localism Act was much discussed, future difficulties were perceived and there was a worry what effect there would be on the future speed of delivery;
- The local community could also have an impact on the transfer of assets from the SSDC register and was another area of concern because most local communities

would probably be unaware of exactly what would be involved in obtaining and keeping an asset.

In response to a query regarding what services within SSDC would be exempt from “the right to challenge”, the Procurement and Risk Manager indicated that it would only be types of enforcement such as planning that would be exempt.

In conclusion he highlighted the example in the agenda report where he had advised the housing team to auction some static caravans rather than seeking sealed bids from traders, that advice had proved to be sound and profitable to SSDC, he also referred to the advice given to the Castle Cary Market House rather than have an exemption to the rules.

Cllr Tim Carroll would arrange to keep members informed once the legislation had been implemented regarding community challenge and procurement.

RESOLVED: that members of the committee noted the report.

Lead Officer: Gary Russ, Procurement and Risk Manager
Contact Details: Gary.russ@southsomerset.gov.uk or 01935 462076

24. Date of the Next Meeting (Agenda Item 8)

Members noted that the next meeting of the Committee would be held on Thursday, 23 August 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