

MEETING: AC01 13:14
DATE: **23 May 2013**

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, 23 May 2013**

(10.00 am –11.00 am)

Present:

Members:

Derek Yeomans - Chairman
Tony Lock
Roy Mills
John Richardson
Colin Winder

Officers:

Donna Parham	Assistant Director Finance & Corporate Services
Anne Herridge	Committee Administrator
Amanda Card	Finance Manager

Also Present:

Cllr Tim Carroll	SSDC
Andrew Ellins	South West Audit Partnership – Audit Manager
Ian Baker	South West Audit Partnership
Peter Lappin	Grant Thornton
Simon Garlick	Director for Grant Thornton

1. Minutes (Agenda item 1)

The minutes of the meeting held on the 25 April 2013, 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, Ian Martin, Terry Mounter and David Norris.

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. External Audit Plan for 2012/13 Accounts and Opinions (Agenda Item 5)

The Director for Grant Thornton presented the External Audit Plan that indicated the challenges and opportunities the Council faces and the detailed response to those from the external auditors as shown in the agenda report.

The Director for Grant Thornton referred to the need to understand the challenges and opportunities the Council is facing. In his opinion, the levels of savings required would be higher than had ever been achieved in previous years. He referred members to the Audit Plan for SSDC, attached to the agenda report, and explained the diagram 'our audit approach'; he further referred to the fundamental changes and how external auditors would require more of their own independent evidence from transaction testing rather than relying on evidence from Internal Audit's controls work. There would not be any impact on the Audit fee.

In response to questions, Peter Lappin and Simon Garlick responded that:

- With reference to significant risks identified, the threat of fraudulent activity had to be treated seriously and as an industry standard was included in all audit plans;
- The audit approach for 2012/13 required larger substantive sample sizes than the previous approach to rely on controls. Reporting deadlines would be unaffected;
- The results of the Value for Money audit work would be presented in a report to the Audit Committee in September. Similar to last year the Annual Audit Letter will be presented to the Audit Committee in October.

RESOLVED:

That the Audit Plan for the 2012/13 accounts and opinion be noted by the Audit Committee.

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

NOTED

6. Review of Internal Audit (Agenda Item 6)

The Assistant Director Finance & Corporate Services presented the report as detailed in the agenda. She explained that with effect from 1 April 2013 SWAP was now a company limited by guarantee and the 2006 CIPFA Code of Practice for Internal Audit had been superseded by the Public Sector Internal Audit Standards (PSIAS).

The Assistant Director Finance & Corporate Services reported that it had been a particularly good year for Internal Audit, the intention now was to revamp the audit plan to allow more flexibility in order to spend more time on key risks, an interim report would be presented to the Audit Committee later in the year.

In response to a concern regarding the lower level of performance satisfaction from feedback questionnaires, the Assistant Director Finance & Corporate Services explained that managers need to be made aware of the importance of returning feedback forms.

Feedback on the annual return of the Devon Audit Partnership would be included in the next SWAP Quality Assessment Improvement Plan, Audit Committee report.

RESOLVED:

That the findings of the review be noted by the Audit Committee.

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

7. 2012/13 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 that there were no significant governance issues but the retendering of the cash collection contract and the General Account reconciliation, and the implementation of the Cash Receipting System would strengthen the overall governance framework.

RESOLVED:

That the Audit Committee approve the 2012/13 Annual Governance Statement and framework attached at Appendices A and B.

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

(Voting: Unanimous in favour)

8. Internal Audit Plan – Review of 2012/13 (Agenda Item 8)

Prior to presentation of the report, copies of Appendix C, that had been omitted from the agenda, were circulated to members and officers, and would be placed on the web site.

The Audit Manager reiterated the purpose and background of the report and highlighted various points in the 'Summary of Internal Activity'. A report regarding the new improved Audit Plan would be presented to Audit Committee members next month.

In response to questions the Audit Manager and the Assistant Director Finance and Corporate Services replied that:

- It was acknowledged that there was scope for improvement in: Better Contract Management; Contract Procurement and TEN Risk Management. Service Managers and their staff needed to be reminded to update the contract register;
- An 'overall assurance rating of reasonable' was provided for the internal audit work performed for 2012-13;
- Further training may be required to strengthen procurement controls;

- A Risk Management update report would be presented to members at the Audit Committee meeting to be held in June;
- The SSDC Workplace Nursery had now been externalised and acquired by Mama Bears;
- The Audit Plan for Careline and Homelessness Income had been delayed due to staff sickness but should be completed in the next 2 -3 weeks;
- The opinion of 'partial' against 2 services was not a cause for concern and did not indicate a downward trend in results;
- Wincanton Community Sports Centre would continue to be monitored and included in the Audit Plan, key controls were now in place;
- There had been an issue matching the total income figures from car park ticket machines and kiosks at Petters House and Chard, reconciliation had now been updated;
- As part of reviewing the cash collection contract it was felt that in future all anomalies needed to be ironed out well in advance of the expiry date of contracts.

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.co.uk

9. Audit Committee Forward Plan (Agenda Item 9)

It was agreed that the External Audit report – Audit of financial controls 2012/13, would be removed from the forward plan for 27 June 2013 and would be presented later in the year.

Approval of the Internal Audit Charter would be put on the forward plan for the meeting to be held on 25 July.

It was noted that the Risk Management update report would be presented at the next Audit Committee meeting.

Lead Officer: Anne Herridge, Committee Administrator
Contact Details: anne.herridge@southsomerset.gov.uk or (01935) 462570

10. Date of the Next Meeting (Agenda Item 10)

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday, 27 June 2013 at 10.00 a.m. in the Main Committee Room Council Offices, Brympton Way, Yeovil.

NOTED

(Anne Herridge, Committee Administrator
anne.herridge@southsomerset.gov.uk or (01935) 462570)

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 Chairman