

## MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Wednesday 23 March 2016 in the Council Chamber, Mendip District Council, Shepton Mallet commencing at 6:30pm.

**PRESENT:** Councillor John North (Chair)  
Councillors: Peter Bradshaw, John Greenhalgh, Des Harris.

**OFFICERS PRESENT:**

David Clark	Interim Team Manager - Corporate Support Services
Elizabeth Dawson	Projects and Contracts Officer
Paul Deal	Section 151 Officer
Charles Elliott	General Manager, The Landscape Group
Stuart Finney	Operational Assets Team Manager
Julie Jackson	Contracts and Health and Safety Officer
Katie Haines	Grant Thornton
Danny Mitchell	Regional Director, The Landscape Group
Caroline M <sup>c</sup> Cafferty	Committee Officer
Adam Savery	Lead Officer - Deputy Corporate Financial Advisor
Ben Sugg	Committee Officer
Alastair Woodland	Audit Manager, SWAP

Agenda Item	Subject	Actioned by
<b>1</b>	<p><b>CHAIR'S ANNOUNCEMENTS</b></p> <p>The Chair introduced an item of urgent business. He stated that members of the public did not attend the Audit Committee meeting and asked that, as all the Councillors were retired, could the Audit Committee meetings be held at 3pm in the future.</p> <p>The Lead Officer stated that there may be some items for future Audit Committee Meetings which would need to be held in the evening, but that bringing the meeting forward was in Councillor John North's gift.</p> <p><b>RESOLVED</b></p> <p>That the Audit Committee Meetings would be held at 3pm in future, except for times where items needed to be raised in the evening.</p>	
<b>2</b>	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Councillor Clive Mockford</p>	
<b>3</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations of interest.</p>	
<b>4</b>	<p><b>PUBLIC PARTICIPATION</b></p>	

	<p><u>Items on the agenda:</u> None.</p> <p><u>Items not on the agenda:</u> None.</p>	
<b>5</b>	<p><b>PREVIOUS MINUTES</b></p> <p>The Chair queried that at Item 7, MDC Internal Audit Progress Committee Report, the action which asked for a more detailed report on corporate Procurement Cards had not been on this agenda. The Lead Officer clarified that there would be an update on this item later in the agenda.</p> <p>Members questioned whether there was any progress on Item 8 resolutions with regard to Capita. This item was still outstanding.</p> <p>It was requested that these items be carried forward to the next agenda.</p> <p>The minutes of the Audit Committee meeting held on Wednesday 27 January 2016 were then agreed as a correct record of proceedings.</p>	<b>Caroline M<sup>c</sup>Cafferty</b>
<b>6</b>	<p><b>GRANT THORNTON AUDIT PLAN AND AUDIT COMMITTEE UPDATE</b></p> <p>The Council's External Auditor submitted an Audit Plan which set out for the benefit of those charged with governance (in the case of Mendip District Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK &amp; Ireland) 260. This document was to help the Audit Committee understand the consequences of the External Auditor's work. It discussed issues of risk and the concept of materiality with them, and identified any areas where the Audit Committee may have requested them to undertake additional procedures.</p> <p>The External Auditors are required to perform the audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Controller and Auditor General in April 2015.</p> <p>Significant risks that had been identified included:</p> <ul style="list-style-type: none"> <li>• the revenue cycle included fraudulent transactions</li> <li>• management over-ride controls</li> <li>• valuation of pension fund net liability</li> <li>• valuation of property, plant and equipment</li> </ul> <p>The External Auditor had also prepared an audit committee update for the Council, year ended 31 March 2016.</p>	

	<p>The report included the progress at March 2016 and a summary of findings of financial checks and governance reviews.</p> <p>Councillor Peter Bradshaw questioned whether the triviality figure on page 8 of the report, which was defined to be £73,000 was realistic. It was clarified by Grant Thornton that this was the figure at which items would be brought to the Audit Committee's attention, and that anything below this would be dealt with by Officers.</p> <p>Councillor Peter Bradshaw asked if TUPE had any bearing on the pension fund and whether there would be an amended liability or would liability transfer to the new employer.</p> <p>The Lead Officer replied that where the employee was contracted out, the contractor took liability for the period of employment. The Council would retain historic liability and would take over responsibility if they moved back to Council employment.</p> <p>Members were keen to receive the opinion of Grant Thornton with regard to areas of successful performance and areas where improvements may be made.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee noted the reports.</p>	
7	<p><b>SWAP INTERNAL AUDIT RECOMMENDATIONS MONITORING 2015-2016</b></p> <p>The Corporate Performance Officer had prepared a report which updated the Audit Committee on work to monitor internal audit recommendations and progress against internal audit recommendations from 2012/13, 2013/14, 2014/15 and 2015/16.</p> <p>Members requested a more detailed report for items which dated back to 2013.</p> <p>The Lead Officer stated that a detailed representation would be brought to the next Audit Committee meeting.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee:</p> <ul style="list-style-type: none"> <li>a) Considered the process agreed by Corporate Governance Group (CGG) for the follow up of internal audit recommendations</li> <li>b) Considered progress against internal audit recommendations arising from 2012/13, 2013/14,</li> </ul>	Lesley Fogerty

	<p>2014/15 and 2015/16, in particular those that were still outstanding</p> <p>c) Considered areas where further work needed to be carried out or further clarification was required from the responsible officer, taking into account comments and recommendations from CGG</p> <p>Considered and agreed actions put forward by CGG, where applicable.</p> <p>A detailed representation on older items to be brought to the next meeting.</p>	
<b>8</b>	<p><b>REPORT OF INTERNAL AUDIT ACTIVITY MARCH UPDATE 2015-16</b></p> <p>The Internal Auditor had prepared a report which set out the internal audit activity for 2016. The areas that had been audited included:</p> <ul style="list-style-type: none"> <li>• Housing benefit overpayments</li> <li>• Corporate procurement cards</li> <li>• Data transparency</li> <li>• Capital accounting</li> <li>• Main accounting</li> </ul> <p>The report went on to identify high priority recommendations.</p> <p>Members requested that an item be put on the next agenda for an update on the advance on the precept for Shepton Mallet Town Council.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee noted the report.</p> <p>An agenda item would be included for an update on Shepton Mallet Town Council.</p>	<b>Alastair Woodland</b>
<b>9</b>	<p><b>INTERNAL AUDIT PLAN AND THE INTERNAL AUDIT CHARTER</b></p> <p>The Internal Auditor had prepared a report which introduced the Internal Audit Plan for 2016/17 and also incorporated an 'Internal Audit Charter' which set out the operational relationship between Mendip District Council and the South West Audit Partnership (SWAP).</p> <p>The plan was flexible and could be amended during the year to deal with shifts in priorities.</p> <p>Members agreed that though this was generally a good plan, there could be flexibility on timeframe and scope to ensure IT and</p>	<b>Alastair Woodland</b>

	<p>Communications were kept up to date.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee approved the Internal Audit Plan for 2016/17.</p> <p>The Audit Committee approved the Internal Audit Charter.</p>	
10	<p><b>UPDATE ON RISK MANAGEMENT REPORT QUARTER 3 2015/16</b></p> <p>The Corporate Performance Officer prepared a report which outlined the Council's approach to risk management and intended areas of work to further strengthen the Council's arrangement during 2015/16.</p> <p>Officers acknowledged the difficulties in reading the reports due to the lack of colour and format. Reports would be produced in colour in future, and older items archived to make the reports more user friendly.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee:</p> <ul style="list-style-type: none"> <li>a) Reviewed the approach to risk management</li> <li>b) Noted the progress on risk management and</li> </ul> <p>Considered whether there were any additional areas of work that they would wish to be taken forward or to strengthen the process during 2015/16.</p> <p>Agreed that reports would be produced in colour and that older items may be archived for readability.</p>	Lesley Fogerty
11	<p><b>CORE SERVICES CONTRACT REVIEW</b></p> <p>The Operational Assets Team Manager, introduced the Regional Director, and General Manager of The Landscape Group.</p> <p>The Regional Director introduced a report on the updated Governance Model showing the improvements that had been implemented between The Landscape Group and Operational Assets and Contracts team by carrying out the Core Services Contract review.</p> <p>The report identified achievements, completed actions to date and suggested future improvements.</p> <p>Councillor Peter Bradshaw congratulated The Landscape Group</p>	Adam Savery

	<p>for a 12%, 20% and 22 % increase in standards.</p> <p>The Chairman, Councillor John North echoed this statement and noted that a workable mechanism for recourse was in place. He stated that The Landscape Group and Mendip Officers were working well together for continued value for money.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee noted the progress in developing the Contract Review Document</p>	
12	<p><b>NEW HOMES BONUS: SHARPENING THE INCENTIVE CONSULTATION</b></p> <p>The Corporate Financial Advisor had written on behalf of the Council, to the Department for Communities and Local Government, in response to the New Homes Bonus: Sharpening the Incentive Consultation.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee noted the report.</p>	Paul Deal
13	<p><b>CORPORATE SERVICES PROCUREMENT – A verbal update</b></p> <p>Members received a brief update on the joint procurement of the Corporate Services Contract. A detailed report was scheduled to be submitted to the Audit Committee in June.</p>	Adam Savery
14	<p><b>ANTI BRIBERY AND CORRUPTION POLICY AMENDMENTS</b></p> <p>The Interim Team Manager - Corporate Support Services introduced a report which stated that In September 2015 the UK's National Crime Agency (NCA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) jointly issued an Amber Alert concerning Local Authorities and the UK Bribery Act (2010). The Alert was based on assessed intelligence and warns of the dangers and threats from serious organised criminality. The purpose of the alert was to stimulate preventative or remedial action and a proposed action plan was endorsed by Full Council in February 2016. This paper presents the associated policy amendments for endorsement by the Audit Committee.</p> <p>The Chair, Councillor John North asked if the declaration of secondary employment was legally enforceable, and could the clause be changed to include "if the secondary employment is detrimental to the Council". It was clarified that this was an existing terms of employment clause and was there to allow the Chief Executive to determine whether such employment was</p>	David Clarke

	<p>deemed detrimental.</p> <p>In response to Members questions, it was clarified that with regard to the declaration of gifts and hospitality, further guidance underpinned the report.</p> <p><b>RESOLVED</b></p> <p>The Audit Committee endorsed the various policy amendments that had been introduced in response to the recent Amber Alert.</p>	
<b>15</b>	<p><b>AUDIT COMMITTEE FORWARD PLAN</b></p> <p>The Audit Committee noted the Forward Plan and resolved that Housing Benefit, older items on the Audit Recommendations Monitoring, and Shepton Mallet Town Council would be placed on the Forward Plan.</p>	
<b>16</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no items of urgent business.</p>	

The meeting closed at approximately 8.02pm.