

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday, 14 February 2013 in the Council Chamber, Council Offices, Shepton Mallet commencing at 6.00 pm.

PRESENT: Councillors: John Carter (Chair), Peter Bradshaw, Matthew Ellis, John North (Vice Chair), and Richard Pinnock.
Co-opted Member Philip Gait

**OFFICERS
PRESENT:**

Claire Dicken Lisa Fryer Chris Rockey Adam Savery Simon Snartt Haylee Wilkins	Committee Officer Audit Manager, SWAP Group Audit Manager, SWAP Lead Officer and Deputy Corporate Financial Advisor Fraud Investigation Officer Customer Services, Revenues and Tax Benefits and Fraud Manager
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Agenda Item Number	Subject	Actioned by
1	Chair's Announcements The Chair requested that mobile phones be switched off, and explained the evacuation procedures in case of an emergency.	
2	Apologies for Absence Councillor Sam Phripp	
3	Declarations of Interest None.	
4	Public Participation a) <u>Items on the agenda:</u> None. b) <u>Items not on the agenda:</u> None.	
5	Draft Minutes The minutes of the Audit Committee meeting held on 6 December 2012 were agreed subject to referring to Philip Gait as a Co-opted Member rather than a Councillor.	Claire Dicken

	The Chairman altered the order of items as follows	
15	<p>Revenues and Benefits Fraud Service</p> <p>The Customer Services Manager presented this report which showed that fraud awareness, referrals, investigations and sanctions had all substantially increased since the Audit Commission's Inspection. The report showed that Mendip was proactively protecting the public purse and tackling fraud and error amongst housing and council tax benefit paid to Mendip residents.</p> <p>Member of the Audit Committee welcomed the report.</p> <p>Members queried how much time Officers spent monitoring the single persons discount on Council Tax and whether this discount could be done away with. It was agreed that this matter should be investigated and reported on.</p> <p>RESOLVED</p> <p>To note the progress the Council had made in combating housing benefit and Council Tax Benefit fraud.</p>	Haylee Wilkins
17	<p>SWAP Governance Arrangements</p> <p>The South West Audit Partnership had prepared a report on SWAP Governance Arrangements. The report recommended that Mendip District Council become a member of the South West Audit Partnership Ltd (SWAP Ltd) and to dissolve the current South West Audit Partnership Joint Committee.</p> <p>It was confirmed that this change would not cost anything. It was further clarified that SWAP staff would continue to be accommodated within the Council's offices.</p> <p>There was some concern about the change in title and that there may be a perception that the purpose of the new company was to make money. However, it was clarified that the company would not be making a profits but may be able to offer discounts in the future. It was expected that Mendip's fees would remain the same for the next 5 years, or possibly reduced.</p> <p>There was further concern that Members of the Committee had not had an opportunity to see all of the relevant paperwork. It was agreed that such paperwork would be circulated ahead of the next meeting of the Scrutiny Board. It was recommended that Members of the Audit Committee attend the meeting of the Scrutiny Board if possible to help Members with their discussion.</p>	Gerry Cox

	<p>Members were concerned that the new arrangements could be somewhat restrictive and that the Council might prefer to be flexible about how many audits days were planned each year.</p> <p>There was a discussion about the number of partners the new company may have in the future.</p> <p>Subject to the concerns raised, Members of the Audit Committee agreed with the recommendation set out in the report.</p> <p>RESOLVED</p> <p>Subject to the comments raised the Committee agreed to recommend to Cabinet that Mendip District Council become a member of the South West Audit Partnership Ltd (SWAP Ltd) as set out in the report and to dissolve the current South West Audit Partnership Joint Committee.</p>	
6	<p>Quarter 3 Update on Risk Management</p> <p>The Corporate Performance Officer's report outlined the councils approach to risk management, the progress made in quarter 3 on risk management and intended areas of work to further strengthen the council's arrangements in 2012/13.</p> <p>Members noted that the phoenix project presented the greatest risk currently.</p> <p>RESOLVED</p> <p>That the progress on risk management be noted.</p>	James Ellis
7	<p>Mendip Certification Report 2011/12</p> <p>This report explained that Grant Thornton, as the Council's auditors, acted as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.</p> <p>They had certified two claims and returns for the financial year 2011/12 relating to expenditure of £64.9 million.</p> <p>The Audit Committee welcomed the report and congratulated the Officers that had been involved in the work.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	Chris Rockey

<p>8</p>	<p>Accounting Policies</p> <p>The Deputy Corporate Financial Advisor presented a report which explained that the accounts and budgets of Mendip District Council were governed by legislation and codes of practice. Interpretation and application required the Council to adopt accounting policies to be able to produce the statement of accounts and the budgets.</p> <p>Members of the Audit Committee welcomed the report. It was requested that future reports only give the changes.</p> <p>RESOLVED</p> <p>To approve the accounting policies as listed for the financial accounts 2012/13 and the 2013/14 financial year.</p>	<p>Adam Savery</p>
<p>9</p>	<p>Governance Issues</p> <p>Following the completion of the action plan from the 2011/12 Annual Governance Report from the Audit Commission the Deputy Corporate Financial Advisor gave a short presentation updating members on areas identified as Significant Governance Issues in the 2011/12 Statement of Accounts.</p> <p>Significant issues included the phoenix project, remote working, the Local Development Framework, the Mendip Executive, reducing resources, the Corporate Asset Management Group and the customer access channel review.</p> <p>The aim of the item was to promote a discussion and hopefully identify areas where the Committee would like more information on a regular basis.</p> <p>Members agreed they would like more information on each of the projects listed in the presentation, starting with the phoenix project at the next meeting of the Audit Committee. It was suggested that customer access channel review should be the second project to consider.</p> <p>Members agreed that SWAP was continuing to have a position impact on the Council's core projects.</p> <p>Members suggested that the Council would benefit from a centralised set of systems.</p>	<p>Adam Savery</p>
<p>10</p>	<p>Medium Term Financial Plan and Resource Strategy 2013/14 to 2015/16</p> <p>The Deputy Corporate Financial Advisor had prepared a report for the Cabinet. A copy of which was attached for the Audit Committee to note.</p>	<p>Adam Savery</p>

	<p>After a discussion about it, the Members of the Audit Committee were pleased to accept the report.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
11	<p>Role of External Auditors</p> <p>Chris Rockey gave a presentation which outlined the arrangements for auditing local government. The role included review of governance arrangements and reviews of accounts. The presentation further outlined how Grant Thornton carried out audits.</p> <p>Members of the Audit Committee thanked the Officer for the presentation which they remarked was very thorough. He said that more information was available on the Audit Commissions website.</p> <p>Members requested that the full presentation be re-circulated to them.</p> <p>RESOLVED</p> <p>That the presentation be noted.</p>	Chris Rockey
12	<p>Internal Audit Update</p> <p>The Audit Manager, SWAP, presented a report of internal audit activity during the 10 months to the end of January 2013. Audit activity had been split between operational audit, key control audit and governance, fraud and corruption. In total 8 reports had been carried out and a measure of improvements had been found in them all. However, there were some areas of weakness that needed further attention.</p> <p>Members of the Audit Committee said the report and its format was very useful.</p> <p>RESOLVED</p> <p>That the update be noted.</p>	Lisa Fryer
13	<p>2013/14 Internal Audit Plan</p> <p>This report outlined the 2013/14 internal audit Plan. Planned activities included key control audits, governance fraud and corruption, ICT and operational audits. The plan included several themed reviews.</p>	Lisa Fryer

	<p>During the discussion that followed it was suggested that whilst the statutory audits should be allowed to go ahead as planned. It may be prudent to delay the start of other audits pending the outcome of the task and finish group meetings.</p> <p>It was agreed that the plan should be kept flexible and should be reconsidered at the next meeting of the Audit Committee.</p> <p>It was requested that there be a series of update reports be submitted to the Audit Committee throughout the next year.</p> <p>RESOLVED</p> <p>That the 2013/14 Internal Audit Plan be noted and provisionally approved subject to a review at the next meeting of the Audit Committee.</p>	
14	<p>Internal Audit Charter</p> <p>The Audit Manager, SWAP explained that the purpose of this report was to set out the request to the Audit Committee to accept the deferral of the Internal Audit Charter review until after April 2013.</p> <p>RESOLVED</p> <p>To note the deferral of the Internal Audit Charter update until its meeting in June 2013.</p>	Lisa Fryer
16	<p>Audit Committee Forward Plan</p> <p>RESOLVED</p> <p>That the Audit Committee Forward Plan be noted.</p> <p>Items to add to the plan for consideration in April included:</p> <ul style="list-style-type: none"> • Phoenix Report • Pensions • Feedback from the Audit Task and Finish Group <p>A new Forward Plan would be prepared for 2013/14.</p>	Adam Savery
18	<p>Urgent Business</p> <p>None.</p>	

The meeting closed at 8.00 pm.