

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday 15 January 2009 in the Council Chamber, Council Offices, Shepton Mallet commencing at 5.00 pm.

PRESENT: Councillor Christine Cockroft (Chairman)
 Councillors Nigel Hewitt Cooper, Rob Reed, Margaret Robinson, Danny Unwin
 Philip Gait

OTHER COUNCILLORS

PRESENT: Councillor Gus Halfhide

OFFICERS

PRESENT: Chris Gunn South West Audit Partnership
 Fiona Lyons Committee Officer
 Peter McKenzie Corporate Financial Manager

ALSO Jeanette Bailey Grant Thornton

PRESENT

Agenda Item Number	Subject	Actioned by
1	Chairs Announcements The Chair requested that mobile phones be switched off. The evacuation procedures were explained.	
2	Apologies for Absence Councillor Ashley Taylor	
3	Declarations of Interest No declarations had been received.	
4	Public Participation None.	
5	Minutes The minutes of the Audit Committee meeting held on 20 November 2008 were agreed as a correct record of proceedings. <u>Matters Arising</u> Councillor Gait queried the position with regard to the Bishop's Barn. The Corporate Finance Manager said that work had commenced on the roof and when this is completed discussions will recommence with Wells City Council. He explained that Wells CC have been supplied with the condition survey, expenditure, structural engineer's reports etc. Councillor Unwin expressed concern that Wells City Council	

	<p>believed that they were waiting for a response from Mendip and there had been no formal discussions for some time.</p> <p>The Corporate Finance Manager confirmed that formal discussions had taken place between the Clerk to the Council, the Mayor of Wells, Councillor Halfhide and himself.</p>	
	<p>The order of the agenda was varied as follows:</p>	
<p>10</p>	<p>Use of Resources Jeanette Bailey explained that this item was confidential as the Audit Commission had requested that the scores were embargoed until they are published in February.</p> <p>She raised the following main areas where improvements need to be made:</p> <p>Communication with service users and other stakeholders The Council did not fully understand its customer base at that time but improvements have since been made (following the Ipsos MORI survey)</p> <p>One Member stated that there are some people who do not wish to engage with the Council and service users are vocal if things are not right. He also stressed the importance of avoiding jargon</p> <p>Jeanette Bailey said that the Council had to be able to demonstrate how the council uses information but that is absent at the moment</p> <p>Management of performance against strategic objectives Processes had not continued from previous years Performance monitoring had not been presented to Cabinet and Scrutiny through the year. Capacity issues in performance management over 2007-8 meant that some things did not happen</p> <p>It was noted that the Council's score was very low and would be in the bottom quartile.</p> <p>Councillor Halfhide said that the Council must now focus on moving in the right direction.</p> <p>The Chairman queried what scores could realistically be expected in 2009 and Jeanette felt that there would be very few (if any) 4's and very few 3's</p> <p>Financial reporting The annual accounts score has deteriorated and this was as a result of 'significant errors'.</p> <p>One Member queried the term significant error and the Corporate Finance Manager clarified that two figures had been placed in the</p>	

	<p>wrong areas on the balance sheet but this had not affected the bottom line of the accounts. These errors had been reported to the Audit Commission and full Council and he was disappointed that this affected the score</p> <p>Managing assets The Council did not have an up to date capital strategy linked to a Corporate Plan or Asset Management Plan</p> <p>Managing significant business risk No completed operation risk registers for all service areas or process in place to prove that all services are risk assessed.</p> <p>Internal Control The Council does not have business continuity measures in place. Management of significant partnerships.</p> <p>Data Quality Page 15 identified the indicators looked at in detail. It was noted that some testing could not be carried out because of problems with the Academy software and it was agreed that steps must be taken by Capita to rectify this situation.</p> <p>Councillor Halfhide was concerned that this issue had not been raised with Capita at the Partnership Board meetings.</p> <p>Members agreed that a representative from Capita should come to next meeting and explain the situation.</p>	
6	<p>Terms of Reference In November 2007 the Audit Committee formally approved the terms of reference for the Audit Committee. They are based on the CIPFA model and had been circulated to members of the committee in November 2008</p> <p>The Chairman proposed that members read through the terms of reference and send comments to her for discussion at the next meeting.</p> <p>RESOLVED To annually revisit the terms of reference and the checklist to ensure objectives are being met.</p>	
7	<p>Internal Audit Update This report was presented by Chris Gunn and highlighted the findings and recommendations that have occurred since the South West Audit Partnership (SWAP) last updated the Committee on 25th September 2008.</p> <p>The Chairman queried why the Council had so few Service Level Agreements and why they were not efficient.</p>	

	<p>Chris Gunn said that Local Government generally struggles with these and they have to be monitored.</p> <p>One Member queried why the same issues continued to arise year after year when they should be sorted out in advance of audits by managers. It was felt that improving operational risk assessments should help.</p> <p>The Corporate Finance Director said that the Council now had access to a pool of 30 auditors through the Audit Partnership and this led to more awareness of how other councils operate. Emerging best practice from all Districts would be shared by all members of the Audit Partnership.</p> <p>Issues relating to planning enforcement were raised but it was acknowledged that they are unable to work proactively as such a small team.</p> <p>One member also queried why the property services contract was renewed annually without being reviewed. It was agreed that this was a procurement issue and this will be looked as a specific area during 2009 subject to CMT agreeing the draft Audit Plan.</p> <p>Relying on third party information – how can we expect them to work proactively as there are only 2 of them.</p> <p>RESOLVED That Members note the progress made by SWAP to date.</p>	
<p>8</p>	<p>Draft Outline Financial Regulations This was a first outline draft of the new Financial Regulations for Mendip District Council. The existing regulations have been in place since 2003 and in some areas are no longer fit for purpose. The model on which these regulations are based comes from a 4 star rated authority.</p> <p>It is acknowledged that modern Local Authorities increasingly operate in a climate of ongoing change and as a result Corporate Finance will review these regulations, as a minimum, every six months, and report back to this committee on any necessary amendments.</p> <p>The proposed regulations will be presented to Full Council in February 2009 for approval; the Audit Committee is a key stakeholder in the process.</p> <p>The Chairman said that the Committee needed to know what the changes were. The Corporate Finance Manager said that the existing Regulations, last updated in 2003, had been scrapped as they were not fit for purpose.</p>	

	<p>It was suggested that, as Members had not had sufficient time to go through these draft Regulations in detail, they make any comments or suggestions to the Corporate Financial Manager within 7 days. This would allow time for the Regulations to be amended and presented to Council at the February meeting.</p> <p>RESOLVED The Audit Committee is asked to read the report and provide any comments, amendments or additional information to officers within 7 days.</p> <p>These will then be incorporated before submitting the regulations to Full Council in February for formal approval.</p>	
<p>9</p>	<p>Urgent Business</p> <p>The Chairman wished to raise the implications of the management restructure on the audit process. She said that a lot of the problems experienced by the Council had been exacerbated by the lack of capacity and the restructure could potentially make this situation worse.</p> <p>The Chairman also raised concerns about the process that is being undertaken and was disappointed that she had not been made aware of issues as chair of the Audit Committee. She stated that she resented the implication that she was not able to keep confidential issues confidential.</p> <p>Other Members acknowledged the necessity of the situation but echoed their concerns about the process</p> <p>The Chairman concluded by stating that she hoped that a restructure would improve the efficiency of the Council so that more work could be done.</p>	

The meeting closed at approximately 7.00pm