

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday 16 April 2009 in the Council Chamber, Council Offices, Shepton Mallet commencing at 5.00 pm.

PRESENT: Councillor Christine Cockroft (Chairman)
Councillors Margaret Robinson and Danny Unwin.
Philip Gait

OTHER COUNCILLORS PRESENT: Gus Halfhide and Roy Wills.

OFFICERS

PRESENT: Chris Gunn South West Audit Partnership
Peter McKenzie Corporate Financial Officer
Geoff Thompson Committee Officer
Peter Brown Audit Commission
Martin Radford Audit Commission
Sophie Trimm Audit Commission

Agenda Item Number	Subject	Actioned by
1	<p>Chairs Announcements</p> <p>The Chair requested that mobile phones be switched off. The evacuation procedures were explained.</p>	
2	<p>Apologies for Absence</p> <p>Apologies were received from Councillors Jeannette Marsh and Rob Reed.</p> <p>Councillors not present: Ashley Taylor.</p>	
3	<p>Declarations of Interest</p> <p>No declarations had been received.</p>	
4	<p>Public Participation</p> <p>None.</p>	
5	<p>Minutes</p> <p><u>Accuracy of the previous minutes</u></p> <p>The minutes of the Audit Committee meeting held on 26 February 2009 were agreed subject to the following amendment:</p> <p>Item 7 Page 4 second line – delete “wants” insert “needs”</p> <p><u>Matters Arising</u></p> <p>The Bishop’s Barn</p> <p>The Chairman deferred discussion on the Bishop’s Barn until later</p>	<p>Geoff Thompson</p>

	<p>in the agenda.</p> <p>Financial Reporting</p> <p>The Corporate Financial Manager reminded the meeting that this concerned the internal audit process and he would be bringing the subject back to a later meeting.</p> <p>Academy Software</p> <p>The Corporate Financial Manager thought that the matter had now been resolved by Capita but he would confirm in writing to Members.</p> <p>Capita Contract</p> <p>The Corporate Financial Manager advised the meeting that Capita were still working through their proposals. The Head of Capita would be attending the next meeting and would be able to inform Members of their formal proposals.</p> <p>Timetable for the next budgetary round</p> <p>The Corporate Financial Advisor said that work was about to start on the new timetable and he would have an update available for the next meeting.</p> <p>Incomplete audits</p> <p>Dealt with under Agenda Item 6.</p> <p>Rolling yearly calendar for audits.</p> <p>Dealt with under Agenda Item 10.</p>	<p>Peter McKenzie</p> <p>Peter McKenzie</p> <p>Peter McKenzie</p> <p>Peter McKenzie</p>
<p>6</p>	<p>Internal Audit Update</p> <p>The report highlighted the findings and recommendations that had occurred since the South West Audit Partnership (SWAP) last updated the Committee on 26th February 2009. The following points arose during discussion of the report:</p> <p>Incomplete Audits – information would be available as soon as the software update had been completed.</p> <p>Payroll – it was noted that the payroll system could not provide some management reports. To counter this, the financial system was providing exception reports to management. Whilst this was not a viable long term solution it was considered to be an acceptable short term solution before any upgrade to the HR system was effected.</p>	

	<p>RESOLVED Members noted the report.</p>	
<p>7</p>	<p>Annual Audit Letter</p> <p>The Chairman commented that she had passed round the Annual Audit Letter to Members in advance of the meeting so that they would be well informed. It was noted that Grant Thornton had developed the report and that it showed the “direction of travel” for Mendip.</p> <p>The report focused on the progress made during the year through such initiatives as the improvement plan and restructuring. The full impact of these initiatives had yet to be seen but it was noted that Mendip’s overall position on the national scale had improved. Particular highlights were the good work put in to help their customers in a period of economic downturn, excellent work on waste and cleanliness in general and a good performance in respect of leisure facilities. The results of the recent survey and its reflection in the new corporate plan coupled with the improvement plan should help to improve matters further. Problem areas were seen as being relations with customers especially in respect of the recent telephone debacle, staff turnover and a general perception by the public that they were not satisfied with the councils performance.</p> <p>They also noted that the CAA would result in a significant change in focus for the next audit review.</p> <p>Key actions for the council as a result of the Audit letter were seen as being to:</p> <ol style="list-style-type: none"> 1. Ensure it has adequate arrangements in place to deliver the required improvements under the new CAA arrangements in particular: <ul style="list-style-type: none"> - communicating with stakeholder, service users and partners; - managing performance against strategic objectives; - managing significant business risks; - improving VFM; and - managing the asset base. 2. Evaluate the risks and uncertainties that could prejudice the pace and effectiveness of the current corporate improvement programme, and take any necessary corrective or contingency action. 3. Implement the agreed action plan to address the weaknesses identified from our review of the Council's strategic housing services inspection. 4. Ensure that the expected improvements to the Council's 	

	<p>internal control, performance and asset management are fully implemented and monitored.</p> <p>During discussion of the Audit Letter the following salient points arose:</p> <ul style="list-style-type: none"> • Contact with customers had been assessed based upon Mendip’s own data emanating from the call centre and the recent survey. It therefore encompassed both face to face contact and contact by telephone. • The summary of the letter was positive but the detail painted a poor picture. • There was a concern that there was insufficient senior officer and political capacity to carry through the recommendations. • It was too early to know the impact of the recent restructuring. • Internal control was still lacking in some specific areas. • The large number of evaluation criteria could have been a problem in its own right. • A key role for both Audit and Scrutiny was to test and ensure that the right issues were being addressed to meet the shortcomings identified. • The council needed its own assurance process to monitor to ensure it kept itself on track. • Cohesiveness in the organization was needed following the restructure. <p>RESOLVED</p> <p>The Committee accepted the report together with its recommendations.</p>	
<p>8</p>	<p>Update on the Use of Resources</p> <p>The Corporate Financial Officer gave a verbal update on the Use of Resources. The self assessment process, which was being conducted in conjunction with the IDeA, was underway and the improvement group was now part of the corporate agenda. He felt that these initiatives would go some way to addressing the concerns of the Audit Commission. Work on devising the new corporate plan had nearly completed.</p> <p>It was noted that the IDeA would audit the council as though they were the Audit Commission, but were actually acting as a critical friend. This should give the council early warning of problem areas and gaps. Councillor Halfhide warned that the restructuring must not be used as a excuse for any future failures to perform.</p> <p>It was also noted that the use of the Scrutiny Board would be a useful tool to ensure that progress was kept on track.</p>	

	<p>It was noted that the Group Manager for Organisational Development would be producing a schedule against which progress could be monitored by both Audit and Scrutiny.</p> <p>Finally it was noted that the Audit Commission would be starting their UOR review the very soon with the aim of reporting by the end of May.</p>	
9	<p>Timetable of Future Audit Items</p> <p>The Corporate Financial Manager reported that the forward programme was still under development, and he agreed to produce a timetable for the next meeting.</p> <p>However, it was noted that the forward programme of meetings for the committee needed to be synchronised with the major audit reports. The Corporate Financial Officer and the Committee Officer were tasked to review the forward meeting schedule accordingly.</p>	<p>Peter McKenzie</p> <p>Peter McKenzie / Geoff Thompson</p>
10	<p>Future Business</p> <p>Items of future business already identified were:</p> <ol style="list-style-type: none"> 1. Performance Management 2. Overview of the Council's Constitution. 3. Operation of risk management and corporate governance. 4. Policies on "Raising concerns at Work," anti-fraud, anti-corruption and complaints. 5. Agreed necessary actions to ensure compliance with best practice. 6. Compliance with MDC's and others published standards and controls. 7. Procurement 8. Glastonbury Festival 9. Restructuring <p>During debate of the items for future business the following salient points emerged:</p> <ul style="list-style-type: none"> • The Chairman wanted a rolling programme developed from the items identified. • Members were keen to ensure that the lessons learnt from the restructuring were captured and compared with the last restructuring some six years ago. Firstly to ensure that there had not been a repetition and secondly to ensure that it was fully recorded for future reference. Councillor Halfhide advised that the Chief Executive was organising a restructuring review to take place in September. • It was recognised that the Galstonbury Festival had a significant impact on the resources of the council and brought vast revenue to the district. Members were keen to ensure that the impact of such a large event, both on staff and the district, was given due recognition in the 	<p>Peter McKenzie</p>

	<p>forthcoming CAA. It was a massive commitment for the council which did impact significantly on all areas of business. The benefits needed to be recorded and reflected in the CAA assessment.</p> <ul style="list-style-type: none"> • The Audit Commission team advised that the whole range of factors were taken into account. This included a review of capacity where it was recognized that such a large event would seriously impact upon staff in a relatively small council. There would need to be an understanding of the opportunity costs involved and the resource impact. They would also need to assure themselves that the risks had been fully assessed and understood. 	
<p>11</p>	<p>Urgent Business</p> <p>The Corporate Financial Manager addressed the issue of the Bishop's Barn and made the following points:</p> <ul style="list-style-type: none"> • A contract had been placed for the maintenance work to start on 27 April 2009. However, the contract had yet to be formally accepted by the contractor in writing. • In respect of the funding provided by MDC to Wells City Council he expected to receive an itemised break down of their expenditure. Any monies not accounted for by the City Council would be reclaimed. • There were no plans for MDC to make a similar contribution for the next financial year (2009/2010). <p>Councillor Unwin informed the meeting that Wells City Council would not be seeking to take back either the Bishop's Barn or the recreation ground in the current economic climate. They would, however, continue to manage the bookings etc..</p>	

The meeting closed at approximately 1755 hours