

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday 17 April 2008 in the Committee Room, Council Offices, Shepton Mallet commencing at 5.00 pm.

PRESENT: Councillors: Ashley Taylor (Chairman) and Margaret Robinson (Vice-Chairman)

Councillors: Christine Cockcroft and Philip Whitmarsh

OTHER COUNCILLORS

PRESENT: Councillors Nigel Hewitt-Cooper and Danny Unwin

OFFICERS

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| PRESENT: Eve Harris | Committee Officer |
| Peter McKenzie | Corporate Finance Manager |
| Chris Gunn | Group Auditor South West Audit Partnership |
| Barrie Morris | Grant Thornton External Auditors |
| Martin Adfield | Audit Commission |
| David Thomson | Chief Executive |
| Sophie Trimm | Audit Commission |

| Agenda Item Number | Subject | Actioned by |
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| 1 | <p>Chairman's Announcements</p> <p>The Chairman requested that mobile phones be switched off. The evacuation procedures were explained.</p> | |
| 2 | <p>Apologies for Absence</p> <p>None.</p> | |
| 3 | <p>Declarations of Interest</p> <p>There were none.</p> | |
| 4 | <p>Public Participation</p> <p>None.</p> | |
| 5 | <p>Minutes</p> <p>The minutes of the Audit Committee meeting on 13 March 2008 were agreed as a correct record of proceedings.</p> | Eve Harris |
| 6 | <p>Annual Audit and Inspection Letter April 2008</p> <p>Sophie Trimm from the Audit Commission explained that she was standing in for Rob Hathaway who was unable to be present at the meeting. She explained that she was part of a new team that</p> | |

would be leading on the new inspection regime. It was agreed that Sophie would attend a future meeting of the meeting to talk about the work she would be carrying out and how the new Comprehensive Area Assessment (CAA) would affect the Council.

Martin Adfield from the Audit Commission introduced the inspection letter. He explained that the letter was in two parts:

1. Direction of Travel – how Mendip has improved over the last year and how much progress has been made in implementing improvement plans
2. Audit of Accounts and Value for Money

Martin Adfield explained that the commission was attuned to the situation last year where Mendip was in the middle of opposing the unitary bid put forward by Somerset County Council and the fact that it had also gone through a full district election and had many new members as a result.

It was noted that Mendip continued to do well at waste collection, cleanliness of the district, and sports. He also noted that the final accounts were unqualified. However Mendip scored low in its use of resources and the improvement of performance indicators was less than the average of all districts. Martin Adfield highlighted that there had been a general reduction in public satisfaction nationally.

Councillor Robinson raised concerns that Mendip had scored just above the worst quartile for building on its brownfield land. She explained that the Council had not developed its brownfield land as much as it had in previous years as there was not a lot of it left and she felt that the score was unjustified. Councillor Whitmarsh agreed that Councillor Robinson was making a fair comment.

The Chief Executive explained that indicators were set nationally and this meant that not all of them would apply to us locally but it was up to Mendip to provide the evidence to show that we had built on the brownfield land that we had available. The Council needed to work on providing counter evidence for those indicators that did not necessarily apply to the district.

It was noted that some of the previous indicators would be replaced with the new national indicator set that will be measured as part of the new Comprehensive Area Assessment.

Councillor Robinson raised concern that Mendip was now working in partnership with South Somerset with regards Policing and she felt that some areas of that district had higher crime rates compared to Mendip and she did not want to see Mendip penalised for this. Martin Adfield explained that some of the crime indicators had actually increased in all but one of the Somerset Districts; the indicators were still traditionally low, when compared nationally.

Unemployment within Mendip remained historically low however

income was lower than the national average and housing costs were high. Councillor Robinson explained that she thought this was down to people buying houses in Somerset and then community to cities such as Bath, Bristol and London where the wages were higher.

Martin Adfield highlighted that the Council needed to work harder on obtaining a full understanding of the diverse needs of the community it served.

Councillor Robinson queried the recent Government statement which explained that people who came into Britain should be able or should be learning to speak English and how this statement was counter to that what local councils were told to do. Martin Adfield explained that when people moved in the district, the Council wanted to do its best, and it was about striking a balance between what can be done and what the Council expects people to be able to do when they move into the district.

It was noted that the Council had been successful in the area of encouraging and supporting communities and individuals to improve the quality of their life. However the Council was still performing within the worst quartile for the average length of stay a homeless person has to stay in a bed and breakfast accommodation and this needed to be addressed.

Martin Adfield concluded by saying that he had been impressed with way in which the Council had reacted to the criticisms that had been made and felt that working in partnership with the County Council in performance management should help in the long term.

The Chief Executive informed the Committee that the Council had moved on from when the report was produced. The Project Implementation Document for Pioneer Somerset, which detailed how the councils in Somerset were proposing work together on nine themes, would be taken to Cabinet next week.

Barrie Morris from Grant Thornton, the council's External Auditors, introduced the sections on use of resources, and the accounts. He explained that he had discussed the use of resources with the committee in some detail over the past few months.

He informed the Committee that there was a lot to be positive about and that the accounts had scored three out of four which meant the Council was operating above adequate levels. The finance team had worked hard to produce the accounts.

With regards financial management the Audit Commission had changed its criteria for 2007-2008 which meant that the Council had to provide a lot more evidence to prove it was working at the desired level.

Mendip had a good tradition in working in partnership with other organisations however it needed to make sure that the partners were delivering the services that Mendip wanted them to deliver.

There were a number of inadequacies with regards internal control which mainly centred on risk management. Barry Morris explained that the Council was not good at understanding what its risks were.

It was noted that improvements had been seen in the scrutiny arrangements and challenges and discussions were now taking place.

Business continuity had been tested in some areas around the country throughout last year. Mendip needed to focus on what it could do to ensure that business continuity was in place and to make sure all the areas were looked at together and not in isolation. Mendip also need to consider how it worked with partner organisations.

The Council was doing well in relation to value for money; it was achieving a good service at a low cost. However the Council was not doing so well in its management of the services and how the services were promoted. Greater monitoring was needed to show why the services were being delivered correctly. They appear to be, yet no one was sure how this was being done. The Council needed to pull together performance information to publicise what it had done well. An example would be the development of the brownfield land, the Council had developed large quantities of the land so did not carry out much development in the pervious year and so scored low as a result; yet if the Council had publicised and recorded this the results could have been used.

The Council had good quality systems in place with regards data quality but there was still scope to improve. It was about learning from the past to improve for the future.

Barrie Morris informed the Committee that the Council had been given a good thorough assessment to ensure that the Council improved and came out well when it was audited by the Audit Commission in the coming years.

Councillor Whitmarsh explained that he felt that the Council should be filling the current key vacant posts or bringing staff in through partnership working and effort should be made to get those posts filled.

The Corporate Finance Manager explained that he was currently in the process of colour coding the use of resources report and would be bringing it back to Committee in the near future. The Council was aware that it had some gaps with regards posts and some of these gaps would be filled through new arrangements with the County Council.

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| | <p>Barrie Morris informed the Committee that he had agreed with the actions that the Director of Corporate Finance and Resources had taken with regards to taking time and bringing in staff from County; but he explained he had some reservations about what was happening in the mean time.</p> <p>The Chief Executive explained that the unitary bid last year had absorbed the time and capacity of the Corporate Management Team which meant that some of the day job could not be delivered. Capacity did not just mean having a certain number of staff it also included having the right people to do the right roles. Unfortunately the Council did not have a bank of people it could use to bring in when the Council had to face new work it was not expecting, so the work had to be absorbed by the existing staff.</p> <p>There were a lot of areas where the Council had improved and areas where it could improve further. Unfortunately in local government the goal posts for measuring these improvements kept changing but that was something the Council had to deal with.</p> <p>The Chief Executive went on to say that Cabinet would be discussion Pioneer Somerset at its meeting on Tuesday 22 April and he suggested that in view of some of the comments in the Annual Audit and Inspection Letter, the Cabinet could consider the formation of an Improvement Board to take these issues forward and consider nominating membership of the Board.</p> <p>Councillor Whitmarsh proposed to take the suggestion forward as he agreed with the suggestion made by the Chief Executive. He felt that the work of the Council should not solely lie with the Cabinet and this would give a chance for other members to get involved. This was seconded by Councillor Robinson and passed by the Committee.</p> <p>RESOLVED The Audit Committee noted the Annual Audit and Inspection Letter and recommended to Cabinet that, in view of some of the comments in the Annual Audit and Inspection Letter, they should consider the formation of an Improvement Board to take these issues forward and consider nominating membership of the Board.</p> | <p>David Thomson</p> |
| <p>7</p> | <p>Internal Audit Plan – Progress Report</p> <p>The Group Auditor introduced the report; he explained that the first few pages were the same as the report that was seen last month but more detail had been added to the other pages.</p> <p>Councillor Cockroft raised some concerns around the publicising of benefits and how people could claim. She wondered whether this would affect the Council’s income stream. The Group Auditor explained that it was difficult for him to comment and that he would</p> | |

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| | <p>have to defer the question to the relevant service area to comment.</p> <p>The Chief Executive explained that the Council could measure if a claimant was helped to receive a claim but it was difficult to know the number of eligible people that were not claiming. It was felt that some of the new migrant workers that had moved into the district were missing out on benefits they could claim. Also those people that lived in isolation and had been self dependant all their life often felt that seeking benefits was a form of asking for charity. This puts them off claiming even though the money was there to help them.</p> <p>The Corporate Finance Manager explained that Mendip had run some housing benefit take up campaigns in previous years and were considering doing some more in the future.</p> <p>It was noted that the Council was concerned about the credit crunch as some people were likely to leave their council tax bill to the last bill to be paid. Mendip was currently in the top quartile for collection council tax and it did not want to slip.</p> <p>The Chairman read comments from Councillor Halfhide who was unable to attend the meeting:</p> <ul style="list-style-type: none"> • Some but not all actions have target dates specified for completion. I suggest that all actions should have target dates and the action assigned to a specific person. • The status of the agreed action list should be regularly updated with a documented review at each Audit Committee meeting. • The report from the Group Auditor correctly focuses on the significant concerns identified. However I think the Audit Committee should be kept up to date on the action status of all concerns. This could simply be to say that 'x' concerns were identified originally; corrective action has been implemented for 'y', leaving 'x-y' outstanding. The reason for this is that most significant concerns start off by being trivial but grow over time if they are not addressed. Monitoring these low level issues reduces the likelihood of them growing to become significant. <p>The Group Auditor noted the comments made.</p> <p>RESOLVED The report was noted.</p> | |
| | <p>The order of the meeting was changed</p> | |
| <p>9</p> | <p>Capital Monitoring</p> <p>The Corporate Finance Officer explained that programme slippage was a regular event in some areas and the Council have had some unplanned minor overspend.</p> | |

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| | <p>As capital resources diminish the Council needs to monitor project spend much more accurately for:</p> <ul style="list-style-type: none"> a) Cash flow purposes b) better management of resources - if a scheme is to slip then Members may bring forward a scheme from 2009/2010 i.e. swap - to improve services in a logical and timely manner. <p>For 2008-2009 the Council have devised a new system which was going to the Capital Monitoring Group.</p> <p>A draft spreadsheet was being worked through with accountancy but they were currently concentrating on the final accounts. This new spreadsheet would link into the council's financial management system, Agresso, and be driven by it.</p> <p>The Corporate Finance Manager would bring back the final agreed capital monitoring system that would form the basis of the quarterly report to Cabinet.</p> | |
| 8 | <p>Membership</p> <p>The Committee agreed that it would like additional capacity and agreed that Councillors Nigel Hewitt-Cooper and Danny Unwin should join the Committee and Mr Philip Gait should become Co-opted onto the Committee if he was still interested in doing so.</p> <p>RESOLVED</p> <p>The Chief Executive is to recommend formally appointing Councillors Nigel Hewitt-Cooper and Danny Unwin as members of the Audit Committee and Mr Philip Gait be invited to join as a Co-opted member of the Committee. These actions would be endorsed at the Annual Council meeting taking place on 12 May 2008.</p> | |
| 10 | <p>Urgent Business</p> <p>None.</p> | |

The meeting closed at approximately 6.05 pm.