

had been agreed by Officers and completed throughout.

Ginette explained that the auditors had some concerns around the Council not achieving some of its actions by the deadline of March 2008. She informed the Committee that the auditors would need to do further work and look again at a detailed progress report produced by the Director Corporate Finance and Resources.

The Finance Manager explained that Officers knew what they had to do to get the actions complete and were currently working towards doing this. Officers were sure about the action plan and it would be monitored and brought back to the Committee each month.

Barry Morris talked about the expectations that were on the Council. He explained that the 2009 Use of Resources Key Lines of Enquiry would contain some changes from the previous years. The auditors had taken a robust review as to whether or not the Council would actually achieve its actions. The new regime would be starting in a couple of months so it raised the question as to whether efforts should be directed towards the old actions instead of concentrating on what would be needed in the future.

The criteria would be changing to look at three key areas, which included how the Council manages its:

- money
- business
- resources

The Audit Commission had taken the view that residents did not worry about who delivered the service, they just wanted it delivered and to a good standard. The new arrangements judge the Somerset area as a whole and would be looking at how the Council worked in partnership with other authorities and organisations. The main focus of the reviews would be to see if the Council was responding to the customer's needs and desires.

Barry Morris went on to say that the auditors had challenged officers that given the capacity and the challenges that the Council had not succeeded in overcoming in previous years would it be best to put all its efforts into preparing for 2009.

The Director Corporate Finance and Resources informed the Committee that he was currently in discussion with Somerset County Council for them to provide Mendip with some expertise in a number of areas relevant to the Action Plan. He explained that he had had talks with his counterpart at County and he had agreed with this line of approach as they had been on the same path as Mendip in previous years. The main problem lay with capacity and the fact that there were vacant posts in crucial areas. On Monday a team of four would be coming over from County Council and it was hoped that a partnership arrangement could be put in place for

1 April 2008 for the Council to start looking at its objectives for 2009. It was hoped that in the future all the districts would buy into the performance partnership approach.

Members queried what the position of the Council would be if it did not to carry out the actions featured in the action plan. The Director Corporate Finance and Resources explained that the Council were not going to disregard the action plan; it would be looking to complete the majority of the actions where possible but would merge it with actions necessary to ensure a satisfactory assessment in 2009.

Barry Morris informed the Committee that obtaining an adverse opinion was not good and would infer that the Council would be considered to be performing amongst the lowest in the country in terms of its Use of Resources assessment for 2007. The auditors saw the proposed Somerset partnership as the start of the process of getting things back on track. He informed the Committee that the new criteria move away from the tick in the box exercise, as long as the Council was delivering its services the auditors would not be so worried about how the Council got there.

The Members agreed that the Council needed to start at the beginning and bring in the expertise from the County Council to help resolve the situation.

The Director Corporate Finance and Resources reminded Members that the audit decision later in the year would reflect the approach taken with the action plan. Members felt that as long as the Council qualified the bad mark with the way it was going forward then they did not see any problems.

The Chairman explained that the Council needed to know how it had got into this situation in the first place to ensure it did not happen again.

The Director Corporate Finance and Resources explained that the organisation needed to change the way it worked. The service areas needed to become more involved in performance management and risk assessment and the issues that need to be reported on. He went to say that this was one of the main reasons for holding talks with the County Council as they had gone through cultural changes in their working practices about four years ago and could help make the transition smoother with their first hand knowledge.

It was noted that the report would be taken to Cabinet in February and the Annual Audit letter would be taken to the Full Council meeting in May and should include the Committee's and Cabinets recommendations.

RESOLVED

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| | Members noted the report | |
| 9 | <p>Preparations for Use of Resources 2009</p> <p>It was agreed that the report had been covered in the item above.</p> <p>The Committee agreed that they were in support of the recommendation.</p> <p>The Committee suggested that they would like to meet the performance team from Somerset County Council should partnership arrangements be put in place.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> • The Audit Committee agreed that Officers begin, in Partnership with Somerset County Council, to prepare for Use of Resources 2008/09, accepting that this may mean that elements of the 2007/08 Action Plan are not implemented by 31/03/2008 and that this may impact on the 2007/08 judgement. • The Director Corporate Finance and Resources was to arrange an informal meeting with the performance team from County Council and the Audit Committee should partnership arrangements be put in place. | Stuart Brown |
| 10 | <p>Budget Monitoring</p> <p>The Deputy Finance Manager gave a PowerPoint Presentation on the process for budget monitoring.</p> <p>It was noted that the system used for monitoring budgets, including invoices, was electronic so managers could view their budgets live each day. It was noted that the system had restricted access.</p> <p>The Deputy Finance Manager explained he was pleased with how things were working and that great improvements had been made in the monitoring process. The next step was to look at bringing in this system for Capital budgets.</p> <p>RESOLVED</p> <p>The deputy Finance Manager was to put the presentation on to a disk and distribute it to Members of the Committee.</p> | Adam Savery |
| 6 | <p>South West Audit Partnership – The Role of Internal Audit</p> <p>Chris Gunn introduced himself as the Group Auditor for the South West Audit Partnership. He gave a PowerPoint Presentation which gave a brief overview of the role of internal audit and included the audits that had taken place during 2007/2008.</p> <p>Members queried why the internal auditors had not picked up on the problems that had lead to the Council receiving and adverse</p> | |

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| | <p>opinion from the external auditors. Chris explained the internal and external auditors tended not to review the same areas although the problems which lead to the adverse opinion should have been picked up.</p> <p>It was noted that the problems highlighted by the external auditors were real weaknesses and not just a lack of a paper trail.</p> <p>RESOLVED Chris Gunn was to email his PowerPoint Presentation to Members of the Committee.</p> | <p>Chris Gunn</p> |
| <p>7</p> | <p>Internal Audit Plan – Progress Report</p> <p>Chris Gunn explained that the report was an indication of the report internal audit would be bringing to the Committee on a regular basis. It was noted that the report reiterated what was explained in the presentation.</p> <p>Of the five operational audits that had been completed so far four had achieved an audit opinion of reasonable and the fifth scored full assurance, which was good news.</p> <p>The reporting of the internal auditors was different to the external auditors. It was noted however that internal audit were working on the inside and working for the Council whereas the external auditors were not part of the Council. The two auditing bodies did meet on a regular basis to ensure that they were not carrying out the same review at the same time.</p> <p>Members raised concerns that the criteria and methodology from the external auditors was always changing and they felt that they could never get ahead.</p> <p>Further queries were raised as to why the Council could not be informed by external audit which recommendations were more crucial to carry out compared to others.</p> <p>The Vice-Chair queried the lack of figures for empty properties in the external report as she felt that the figures had been produced during a review by a member group. The Finance Manager explained that the Council was achieving well in some areas whilst others needed further improvement. The Council was working well on the operational side and was winning awards, which was what the members of the public saw and understood.</p> <p>The Director Corporate Finance and Resources explained that his directorate had had some staffing issues in the past; however there had been a couple of specific posts that had been held back during the Somerset Unitary bid as it was felt in the Council's best interest not to advertise at that point. The Council had been advertising many posts in the last few months and the Council was beginning</p> | |

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| | <p>to get back to full capacity. It was hoped that in the next few months the Council would have in post all its Senior Managers.</p> <p>It was noted that the vacancies did make a difference to how the Council was graded as some of the vacancies were in the key areas such as performance management. However this meant that these problems could hopefully be addressed with new staff in place and successful talks with the County Council to bring in some expertise and experience.</p> <p>RESOLVED Members of the Committee noted the report.</p> | |
| 11 | <p>Urgent Business</p> <p>None.</p> | |

The meeting closed at approximately 6.55 pm.