

## MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Wednesday, 5 September 2012 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), Sam Phripp and Richard Pinnock.  
Co-opted Member Philip Gait

### OFFICERS

<b>PRESENT:</b>	Claire Dicken	Committee Officer
	Chris Gunn	Group Audit Manager, SWAP
	Simon Haskell	Capita Local Government Services
	Jessica Lacey	Capita Local Government Services
	Angela Riley	Temporary Committee Officer
	Martin Robinson	District Auditor, Audit Commission
	Chris Rockey	Audit Commission
	Adam Savery	Lead Officer and Deputy Corporate Financial Advisor

Agenda Item Number	Subject	Actioned by
1	<p><b>Chair's Announcements</b></p> <p>The Chair requested that mobile phones be switched off, and explained the evacuation procedures.</p> <p>He thanked Cllr John North for Chairing the last meeting, and Cllr Peter Bradshaw for standing in for him at the recent meeting of CRMG.</p>	
2	<p><b>Apologies for Absence</b></p> <p>Apologies had been received from Lisa Fryer, Audit Manager, SWAP and Steve Morton, Section 151 Officer.</p>	
3	<p><b>Declarations of Interest</b></p> <p>None.</p>	
4	<p><b>Public Participation</b></p> <p>a) <u>Items on the agenda:</u></p> <p>Beryl Siddons was invited to speak. She said that in her opinion many issues raised regularly during Mendip's Audit reviews, including contracts, legal services, asset management and investigation of potential fraud were still causing concern.</p> <p>She said it was imperative that long term value for money</p>	

<p>b)</p>	<p>was obtained from the sell-off or transfer of publicly owned property. She hoped Wells City Council would adopt the Bishop's Barn in Wells. However she was concerned that too few Councillors were involved in the decision making process with regard to the disposal of assets. She queried the record keeping and wondered whether projects such as phoenix should be put on hold so that resources could be given to the disposal of assets.</p> <p>Councillor John North confirmed that many of the topics that Mrs Siddons had raised including potential fraud had recently been considered by the Scrutiny Board. He said Councillors had been pleased to note that cases of fraud had reduced. With regard to the phoenix project, he said that the aim of the project was to make better use of the existing facilities. With regard to the Bishop's Barn he said consideration had been given to this asset and it was not currently viable for Wells City Council to adopted the premises.</p> <p><u>Items not on the agenda:</u> None.</p>	
<p>5</p>	<p><b>Draft Minutes</b></p> <p>The minutes of the Audit Committee meeting held on 28 June 2012 were agreed subject to the following changes:</p> <p>That on page 3, SWAB be changed to SWAP.</p> <p>That on page 7, the fifth paragraph should be removed.</p> <p><b>Matters Arising</b></p> <p>Councillors were interest to know the progress of items within the SWAP Annual Report.</p>	<p><b>Claire Dicken</b></p>
<p>6</p>	<p><b>Statement of Accounts and Annual Governance Report 2011/12</b></p> <p>The audit of the 2011/12 statement of accounts had now been completed.</p> <p>The Deputy Corporate Finance Advisor thanked his colleagues from the Audit Commission and the Finance Team from Capita. He said the working relationship had been very constructive throughout the process</p> <p>Simon Haskell presented the Statement of Accounts. He drew members' attention to the key elements of the</p>	<p><b>Adam Savery</b></p>

statement and paid particular attention to the balance sheet which showed the Council's reserves.

Late minor amendments had been made to pages 12 and 61 of the statements. These had been discussed with the Audit Commission prior to the meeting and were circulated to members. .

It was noted that some figures within the statement of accounts had been rounded up and down.

As part of the audit the Audit Commission had produced a Governance Statement which summarised the findings and included the messages arising from the audit of our financial statements and the results of the work undertaken to assess our arrangements to secure value for money in our use of resources.

Martin Robinson presented the Governance Statement. He said he was pleased to be able to do so this early in September.

A copy of the Governance Statement had been circulated prior to the meeting. It concluded that the organisation had proper arrangements in place to secure financial resilience. The Council had medium term financial planning arrangements in place and had a medium term financial plan. The Medium Term Resource Strategy (MTRS) presented a balanced budget for 2012/13 and options for a sustainable three year strategy. The Council's current financial position was sound. Budget forecasting and overseeing was satisfactory.

The Governance Statement also stated that the organisation had proper arrangements for challenging how it secured economy, efficiency and effectiveness. The Council had showed leadership from senior management and Members on reviewing resources and spending decisions. The restructuring in 2010/11 had been implemented and the Council now ran with a reduced senior management team. The Council continued to look for new ways to deliver its priority services. Even so the Council would need to continue its approach to securing more economies and efficiencies if it was to bridge its future budget gap.

He outlined the way the Council dealt with leases. With regard to value for money he said there were no significant issues of concern.

Chris Rockey was invited to outline the detail of the

Governance Statement and the appendices. He drew attention to the financial statements and particularly to the arrangements for leases.

During the discussion that followed Members suggested that officers of the Audit Commission should audit the current process and risks involved in introducing a hub at the Mendip site. It was agreed that this issue should be raised with Grant Thornton.

Members were pleased to note that there was only one recommendation in the Action Plan that had been appended to the Governance Statement. As a result Members wished to take a more proactive role in other aspects of governance. Members suggested that the significant governance issues as outlined on page 86 of the statement of accounts be considered.

There was some concern that income as outlined on page 12 of the statement of accounts had fallen in some areas. The Deputy Corporate Finance Advisor said this was a valid concern that should be raised with the Cabinet.

Chris Rockey explained that funds from the New Homes Bonus would contribute to the Council's finances but he reiterated that there was still a need for the Council to continue its approach to securing more economies and efficiencies to bridge its future budget gap.

With regard to the pension fund, and with reference to pages 69 and 70 of the statement of accounts it was suggested that in future it would be useful to have an additional table to show a breakdown of the figures showing the onward liability of the fund which would highlight any problems.

With regard to pension figures Jessica Lacey outlined the changes that had occurred since 2010. Such changes had affected the figures. Members noted it was important to consider such investments over the long term. However, there was concern that the scheme should add up. Members requested that the Council's Section 151 Officer provide a report on the performance of the pension scheme to a future meeting.

Members queried table 7.26 on page 57 of the statement of accounts. Members requested more detail about the figures shown in the table.

It was confirmed that Councillors were made aware of all cases of fraud.

	<p>With regard to the valuation of assets on page 18 of the Governance Statement, members queried the problems that had existed in the past. They were pleased to note that the process of gathering valuations and making the assets work for Mendip had improved.</p> <p>Members congratulated the Officers on a robust set of accounts. Members were disappointed that the Section 151 Officer had not been able to attend the meeting.</p> <p>Councillor Richard Pinnock proposed that the audited 2011/12 Statement of Accounts be approved. Councillor John North seconded the proposal.</p> <p>The proposal to approve the accounts was carried unanimously.</p> <p><b>RESOLVED</b></p> <p>To approve the audited 2011/12 Statement of Account under delegated authority and note the findings and recommendations shown in the Annual Governance Statement.</p>	
<p><b>7</b></p>	<p><b>Update on Risk Management</b></p> <p>The Deputy Corporate Finance Advisor presented a report which outlined the Council's approach to risk management, the progress made in quarter 1 on risk management, and intended areas of work to further strengthen the Council's arrangements in 2012/13.</p> <p>During the discussion that followed Members noted the progress that had been made. Additional areas of work they wished to take forward during the course of the year included the phoenix project, including the commitment of other partners to the scheme and the impact of changes in leadership at the County Council.</p> <p>Members said it would be useful to have the whole chart of risks at future meetings.</p> <p><b>RESOLVED</b></p> <p>That the report be noted and that the phoenix project be added as an area of work for risk management.</p>	<p><b>James Ellis</b></p>
<p><b>8</b></p>	<p><b>Internal Audit Recommendations Monitoring</b></p> <p>The Deputy Corporate Finance Advisor presented a report which updated the Committee on the process of monitoring</p>	<p><b>James Ellis</b></p>

	<p>internal audit recommendations and progress against internal audit recommendations arising from 2009-10, 2010-11 and 2011-12.</p> <p>In response to queries it was confirmed that other Councils carried out a similar progress report of internal audit recommendations.</p> <p>There was concern that with regard to strategic asset management a structured plan to address each recommendation had not yet been prepared. It was confirmed that audit would follow up the recommendations after six months. Members were reassured that progress had been made on this topic since the recommendation was made.</p> <p><b>RESOLVED</b></p> <p>That the report be noted.</p>	
	<b>Councillor Peter Bradshaw left the meeting.</b>	
<b>9</b>	<p><b>Governance Action Plan Update</b></p> <p>The Deputy Corporate Finance Advisor presented a report that asked Members to note the progress against the 2010/2011 Governance Action Plan.</p> <p>Members were advised to take a keen interest in business continuity. Progress made on the recommendations would be reported at the next meeting.</p> <p>It was noted that recommendation 4 would not need to be in place until April 2013.</p> <p>Members requested that in future the Governance Action Plans should be reported alongside the work proposed on significant governance issues.</p> <p>It was agreed that the Phoenix project and Council owned assets should be added to the Audit Committee forward plan.</p> <p><b>RESOLVED</b></p> <p>That the report be noted.</p>	<b>Adam Savery</b>
<b>10</b>	<p><b>MTRS and Budget Monitoring</b></p> <p>The Deputy Corporate Finance Advisor presented a report which provided an update on the Council's financial position at the end of the first quarter 2012/13 with an assessment of</p>	<b>Adam Savery</b>

	<p>the impact of current financial projections on the Council's balances.</p> <p>It gave detail of the level of money the Council was collecting from Council Tax and Non Domestic Rates along with an aged analysis of the Council's outstanding Sundry Debtors.</p> <p>The figure for the current budget would be amended ahead of the meeting of Cabinet.</p> <p><b>RESOLVED</b></p> <p>That the report be noted</p>	
11	<p><b>Internal Audit Activity 4 months to end July 2012</b></p> <p>Chris Gunn presented a report which asked Member to note the Internal Audit Activity for four months to end July 2012.</p> <p>Audit assignments finalised during the period included Risk Management, Car Park Income, Homelessness, Licensing and the Scheme of Delegation.</p> <p>During the discussion that followed Members were concerned that there were outstanding actions with regard to car parks. Members requested that the Officer responsible for the car park service should attend the next meeting of the Audit Committee along with the relevant Portfolio Holder.</p> <p><b>RESOLVED</b></p> <p>That the report be noted.</p>	Lisa Fryer
12	<p><b>Audit Committee Forward Plan</b></p> <p>Additional items for the next meeting included the following:</p> <ul style="list-style-type: none"> <li>· Phoenix project</li> <li>· Council owned assets including car parks and licensing</li> <li>· Pensions</li> </ul> <p><b>RESOLVED</b></p> <p>That the Audit Committee Forward Plan be noted and additions be made to it as discussed during the meeting.</p> <p>That the meeting on 27 September 2012 be cancelled as the business that would have been considered on that agenda had already been dealt with.</p>	Adam Savery

<b>13</b>	<b>Urgent Business</b>  None.	
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The meeting closed at 8 pm.