

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday 26 February 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 and Danny Unwin.
Philip Gait

OTHER COUNCILLORS PRESENT: Councillor Gus Halfhide

OFFICERS

PRESENT: Chris Gunn South West Audit Partnership
Sarah Guscott Improvement Lead, Efficiency, Value for Money & Customer Satisfaction

Peter McKenzie Corporate Financial Manager
Geoff Thompson Committee Officer

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>Councillor 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>The minutes of the Audit Committee meeting held on 15 January 2009 were agreed as a correct record of proceedings, subject to the following amendment:</p> <p>Page 4 Paragraph 3 after “councils operate.” Add: “Emerging best practice from all Districts would be shared by all members of the Audit Partnership.”</p> <p><u>Matters Arising</u></p> <p>Bishop’s Barn</p> <p>It was noted that there were delays to the planned transfer of the Bishop’s Barn from Mendip District Council (MDC) to Wells City</p>	<p>Geoff Thompson</p>

	<p>Council primarily due to the financial aspects concerning on-going maintenance.</p> <p>The Chair reminded the meeting that a formal report concluding matters would need to go before both Cabinet and the Full Council when matters were resolved.</p> <p>The Corporate Financial Manager undertook to update Committee on progress to transfer the Barn to Wells City Council until the matter was resolved. He also reported that the removal of vegetation from the Barn was underway.</p> <p>Financial Reporting</p> <p>The Corporate Financial Manager reported that he was challenging the auditor's terminology; specifically the use of "significant errors."</p> <p>Academy Software</p> <p>The Corporate Financial Manager agreed to invite a Capita representative explain the situation surrounding the academy software and provide the Committee with a timetable for its resolution.</p> <p>Capita Contract</p> <p>Councillor Reed asked for a report on the effects of the cut that had been applied to the Capita contract.</p>	<p>Peter McKenzie</p> <p>Peter McKenzie</p> <p>Peter McKenzie</p> <p>Peter McKenzie</p>
	<p>The Chairman varied the agenda by removing the existing Agenda Item 6 (Terms of Reference) with a Review of Long Term Planning</p>	
<p>6</p>	<p>Review of Long Term Planning</p> <p>The was a lengthy debate about the need for an early start to the annual financial planning round to ensure that considered decisions were reached in a timely manner. The process should start with a comprehensive internal review encompassing the Central Management Team and the Senior Managers and then move on to involve a wider range of Members as well as members of the general public.</p> <p>The Corporate Financial Manager explained that the debate already started in July after the previous year's accounts had been agreed. He also explained that there was significant in-year monitoring of expenditure though there were some optimistic views of the capital expenditure programme that had been taken in the early part of the current year. However, it was noted that predicting the drop in investments late in the year would have been very difficult.</p>	

	<p>It was agreed that there was a need to learn from past experience; the short term approach to issues was not sufficient and overall management needed to be more efficient. There was also some concern that the financial team was under staffed.</p> <p>The Corporate Financial Manager undertook to inform Members of the timetable for the next budgetary round.</p>	<p>Peter McKenzie</p>
<p>7</p>	<p>Progress Report on the work Meeting Use of Resources (UoR) Criteria</p> <p>A verbal report on progress towards meeting the UoR Criteria was given by the Improvement Lead, Efficiency, Value for Money & Customer Satisfaction. During their presentation the following salient points arose:</p> <p>The UoR was an annual assessment process which changed for 2008/09. The revised assessment looked at performance in rounded professional terms, took due account of strategic and financial planning and included everything that was needed to deliver the services to the community by the council. The new regime also raised the bar in respect of the performance standards that the council were required to meet.</p> <p>It was essential that the community's needs were known.</p> <p>Whilst the council would be better placed for the next round of assessments because some strategic planning had been undertaken it was unlikely that it would achieve the standard aspired to.</p> <p>Training would be delivered to Members and staff setting out the objectives.</p> <p>There was a clear need to understand what value for money meant, in particular cost versus performance versus commissioning. Key areas would be data quality and workforce planning.</p> <p>The council would struggle to meet Level two in 2008/09, but there was a need to recognise the issues and address them if the council was to meet the required standard in 2009/10.</p> <p>During questions the following points arose:</p> <ul style="list-style-type: none"> • Planning was key and issues must be addressed regardless of the external auditors. The council must concentrate on having an appropriate suite of plans in place. A holistic approach to planning was required, and such planning needed to become second nature to all those involved. 	

	<ul style="list-style-type: none"> • It was essential to start the planning from a position where the community's needs were known. The council then needed to have the processes to deliver that outcome through the effective use of resources. • There was a need to educate the community about what the council was striving to achieve. • The whole process was a big culture change for Mendip and the current restructuring process was designed to address the way forward. 	
<p>8</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 15 January 2009. Specific issues to arise were:</p> <p><u>Officers Claims and Allowances</u></p> <p>The Corporate Financial Manager noted that an issue had been identified whereby it would be necessary to ensure that all staff had appropriate business cover on their vehicles before they were used for business purposes. Failure to have such cover could put the council at risk of third party claims against them. A process was now in place to address the issue.</p> <p>It was noted that this issue may need to be re-emphasised to Members.</p> <p><u>Incomplete audits</u></p> <p>Members felt that it would be beneficial for the report to include a table which showed the latest position in respect of audits which had not been finalised. The Corporate Financial Manager together with the South West Audit Partnership agreed to include such a report in future.</p> <p><u>Telephony and Broadband</u></p> <p>The Corporate Financial Manager reported that work had started to rationalize the range of contracts covering the provision of telephony and broadband to the council, in an attempt to deal with the lengthy delays being experienced by callers. A missing contract had complicated matters. He noted that the procurement section was being strengthened which should help to address the problem. He expected that it would take twelve months to fully resolve this particular matter. He added that good procurement practices were needed. Councillor Halfhide commented that the lack of a central procurement organisation was a real issue.</p> <p>It was agreed that the whole subject of procurement should be a</p>	<p>Peter McKenzie and Chris Gunn</p>

	<p>future agenda item, and The Corporate Financial Manager was tasked to provide a report detailing the current position and how it was going to evolve.</p> <p><u>Council Tax</u></p> <p>The Corporate Financial Manager commented on the good comprehensive assurance received in this area. In his experience this was exceptional as very few councils achieved such a good level of assurance.</p> <p>RESOLVED</p> <p>That Members noted the progress made by SWAP to date.</p>	Peter McKenzie
9	<p>2009-2010 Audit Plan</p> <p>The report sought the approval of the Committee for the 2009/10 Internal Audit Annual Plan in order that Internal Audit could continue to meet the emerging needs of the Council. The South West Audit Partnership commented that the audit categories had been realigned. The aim of this approach was to ensure that, when auditing, say, car parks the auditor would also consider such areas as risk management or procurement etc.. This would reduce duplication as differing services were audited.</p> <p>During discussion the following points emerged:</p> <ul style="list-style-type: none"> • Factors such as changing legislation would influence when a particular area was audited. • It was always the intention to share best practice throughout the Audit Partnership. <p>Philip Gait asked if the rolling yearly timetable could be made available and the Corporate Financial Manager agreed to circulate the timetable to Members. It was also agreed that the strategic audit plan (ie the 4 year plan) would be produced.</p>	Peter McKenzie / Chris Gunn
10	Suggestions for Future Business	
11	<p>Urgent Business</p> <p>Cabinet Papers</p> <p>Councillor Reed note that there were two cabinet papers for the 9th March 2009 meeting that had just been issued, namely:</p> <p>Agenda Item 6 – A Performance Management Framework for Mendip.</p> <p>Agenda Item 7 - Into Somerset – Formalisation of Structure</p> <p>He considered that the subjects should be debated by the Audit</p>	

	<p>Committee. The Improvement Lead, Efficiency, Value for Money & Customer Satisfaction informed the meeting that the performance management would be coming to the Audit Committee. Indeed, she saw Audit, Scrutiny and Cabinet as all having an involvement in the process. She added that the flow chart that had been issued with the papers would be amended to reflect Audit's involvement.</p> <p>Councillor Halfhide noted that there would be quarterly reports on the subject and the Improvement Lead, Efficiency, Value for Money & Customer Satisfaction undertook to ensure that the Committee was briefed on that basis.</p>	<p>Sarah Guscott</p>
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The meeting closed at approximately 1825 hours.