

MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Thursday 13 March 2008 in the Council Chamber, Council Offices, Shepton Mallet commencing at 6.05 pm.

PRESENT: Councillor: Margaret Robinson (Vice- Chairman)
Councillors: Christine Cockcroft and Philip Whitmarsh

OTHER COUNCILLORS

PRESENT: Councillor Gus Halfhide

OFFICERS

PRESENT: Chris Gunn Group Auditor South West Audit Partnership
Eve Harris Committee Officer
Peter McKenzie Corporate Finance Manager

Agenda Item Number	Subject	Actioned by
1	Chairman's Announcements The Chairman of the Committee had given his apologies, the Vice-Chair took the meeting. The Vice-Chair requested that mobile phones be switched off. The evacuation procedures were explained.	
2	Apologies for Absence Councillor Ashley Taylor had given his apologies.	
3	Declarations of Interest There were none.	
4	Public Participation None.	
5	Minutes The minutes of the Audit Committee meeting held on 31 January 2008 were agreed as a correct record of proceedings. <u>Matters arising</u> <u>Item 08 External Audit 2006-2007 Use of Resources</u> The Corporate Finance Manager explained that the external auditors had finished their inspection letter and it would be taken to the Annual Council meeting in May. The draft letter had been presented to the Chief Executive and he had responded with comments.	Eve Harris

	Members agreed that they would like to view the letter before it was presented to Council.	Peter McKenzie
6	<p>Membership Numbers</p> <p>The Corporate Finance Manager asked the Committee whether they were happy with four Members sitting on the Committee. He also explained that he had been approached by an ex Councillor, Mr Philip Gait and he had expressed an interest in being co-opted onto the Committee.</p> <p>Members of the Committee felt that having four Members was a risk due to the potential of more than one Member being away therefore the meeting would fail to be quorate.</p> <p>The Corporate Finance Manager explained that he had approached the Group Leaders when the Audit Committee was being set up and asked for nominated names and only the four names had been given.</p> <p>Members of the Committee agreed that the Corporate Finance Manager should approach the Group Leaders to obtain two more Members for the Committee. They also agreed that he should contact Mr Gait and invite him to the next meeting to the Committee.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> • The Corporate Finance Manager is to approach the Group Leaders for and ask for the nomination of one Member for each Party to join the Committee • The Corporate Finance Manager is to write to Philip Gait and invite him to attend a future meeting of the Committee 	Peter McKenzie
7	<p>Internal Audit Plan – Progress Report</p> <p>The Group Auditor introduced the report. He explained that the format of the report had slightly changed as he taken on board the Committee’s comments at the last meeting and added more detail, specifically around the reviews that had been undertaken. The report also gave a list of the reviews that would be brought to the next meeting.</p> <p>The Vice-Chair raised concerns around the weaknesses found during the audit on debtors. The Corporate Finance Manager explained that improvements had been made with regards the raising of invoices; one department used to send out its own letters requesting that companies pay but this had now been resolved. The Finance Department were currently sorting through the duplicate references.</p> <p>The Group Auditor explained that the weaknesses found were not</p>	

unique to Mendip.

Members raised the need for the internal and external auditors to be working closely together. It was also raised that they would like a clearer indication of what the significant items were out of the weaknesses found in each review. It was felt that the Committee should be working with the two sets of auditors to ensure that the Council no longer received adverse opinions.

Members agreed that they would like the report to highlight the following:

- significant points from each review
- actions that were being taken as a result of the review
- the time scales for the actions to be implemented
- how the actions were being progressed

Members felt that they should be highlighting the work that they do to the external auditors and this could be achieved by reviewing the audits that had taken place and recording their comments through the minutes.

Concerns were raised about the weaknesses highlighted in payroll. The Corporate Finance Manager explained that tighter procedures were currently being put in place including a restriction on the number of people that could sign pay forms.

The Vice-Chair explained that she was concerned that staff that had left the authority still had access to certain systems. The Corporate Financial Manager explained that the issue mainly lay with Capita staff and this was being addressed; when staffs left the authority door codes were being changed and their details were being deleted from the IT systems.

Councillor Halfhide expressed that he felt that the Council should be doing more to ensure that Capita and other contractors were complying with the same policy as Mendip. The Corporate Finance Manager agreed to get the full procedures with regards staff and contractors leaving the authority from Personnel.

It was noted that the South West Audit Partnership undertook all the internal auditing at Mendip.

The Group Auditor explained that there were four reviews which were currently in their final stages and would be reported at the next Committee meeting.

Members agreed that they should be informed of any major issues that were being found during audit reviews before draft reports were produced.

Members queried if Mendip crossed checked housing claims with other authorities to ensure that people were not claiming more than

	<p>once. It was highlighted that in Wales they cross checked claims throughout the county and that it helped to reduce claims and duplicate claims were picked up early.</p> <p>The Corporate Finance Manager explained that Mendip downloaded certain information on a regular basis and the government ran checks on the records. A report was then produced highlighting high and low risk areas of fraud. There was currently two full time staff dedicated to tracing housing fraud within Mendip.</p> <p>The Group Auditor explained that checks were carried out across the whole of the county every two years.</p> <p>The Corporate Finance Manager explained that the Council was in the process of claiming back its VAT on motor fuel.</p> <p>It was noted that the Officers and Members were on a learning curve with regards the role and function of the Audit Committee.</p> <p>RESOLVED The Committee noted the progress made by the South West Audit Partnership to date.</p> <p>The progress report should highlight the following:</p> <ul style="list-style-type: none"> • significant points from each review • actions that were being taken as a result of the review • the time scales for the actions to be implemented • how the actions were being progressed <p>The Corporate Finance Manager is to obtain the full procedures with regards staff and contractors leaving the authority from Personnel.</p>	<p>Chris Gunn</p> <p>Peter McKenzie</p>
<p>8</p>	<p>Internal Audit Plan – 2008/2009</p> <p>The Group Auditor explained that having focused on what internal audit had done and what they were currently doing this report set out what they would be looking at in the next financial year.</p> <p>The Corporate Finance Manager explained that an Officer from each of the district Councils sat down with the South West Audit Partnership and agreed the four year plan. It was noted that high risks areas such as council tax were audited more than once during the four year cycle.</p> <p>The Group Auditor explained that there was flexibility in the plan to allow items to be brought forward or put back or even for new items to be added with the agreement with everyone concerned.</p> <p>Members agreed that they would like to see the four year plan before the next cycle was agreed. Members also felt that they</p>	

	<p>should be informed of any major projects that the Council was undertaking, specifically looking at the financial areas.</p> <p>The Corporate Finance Manager informed the Committee that he would be bringing a report on Capital Monitoring and Project Monitoring to the next meeting.</p> <p>The Group Auditor informed Members that Taunton Deane's Audit Committee had developed a 12 month work programme. He suggested that the same format be used at Mendip as it highlighted training that would be needed in advance of an item being discussed.</p> <p>Members queried the Audit Committee's Terms of Reference. The Corporate Finance Manager explained that the Terms of Reference had been left broad to enable the Committee to look at many different aspects of the Council.</p> <p>It was agreed that the Terms of Reference would be brought back to a future meeting of the Committee for Members to consider any amendments they would like to make.</p> <p>The Vice-Chair queried what progress had been made with regards the talks with County for partnership working. The Corporate Finance Manager explained talks were still in place but progress was being made.</p> <p>RESOLVED The Committee approved the internal audit plan for 2008-2009.</p> <p>The Corporate Finance Manager would be bringing a report on Capital Monitoring and Project Monitoring to the next meeting.</p> <p>Terms of Reference would be brought back to a future meeting of the Committee for Members to consider any amendments they would like to make.</p>	<p>Peter McKenzie</p>
<p>9</p>	<p>Anti Fraud, Theft Money Laundering and Corruption</p> <p>The Corporate Finance Manager introduced the report. He suggested that he update the policies with the amendments recommended in the email sent by the Group Auditor.</p> <p>Members agreed that they were happy with the policy in general.</p> <p>The Corporate Finance Manager explained that the Council did not receive cash payments on a regular basis but staff was fully trained if this were to occur.</p> <p>It was noted that the other Councils across the county were using a similar policy.</p>	

	<p>RESOLVED</p> <ul style="list-style-type: none"> • Item 9B, page 4 , 5.5 c – the word ‘refresher’ is to be added • The Committee agreed the policies subject the amendments detailed in the email by the Group Auditor 	
10	<p>Capital Monitoring</p> <p>The Corporate Finance Manager explained that he would be bringing a full report to the next meeting of the Committee.</p> <p>Councillor Halfhide informed the Committee that following the recent Council meeting he had produce some information on Capital Funds for Members to read and would be distributing it in the next few days.</p>	Peter McKenzie
11	<p>Urgent Business</p> <p>None.</p>	

The meeting closed at approximately 7.35 pm.