

## **AUDIT COMMITTEE**

### **Minutes of the Meeting held on 1 December 2011 at 4.30 pm in the Council Chamber, Williton**

#### **Present**

Councillor A H Trollope-Bellew ..... Chairman  
Councillor E May ..... Vice Chairman

Councillor R P Lillis  
Reverend V Woods

Councillor K M Mills

#### **Officers In Attendance**

Section 151 Officer (G. Carne)  
Group Manager – Housing & Community (I. Timms)  
Group Manager – Environment & Services (S. Watts)  
Principal Accountant (S. Plenty)  
Meeting Administrator (H. Dobson)

#### **Also In Attendance**

Alan Williams, District Auditor, Audit Commission  
Peter Lappin, Audit Manager, Audit Commission  
Chris Gunn, Group Audit Manager of South West Audit Partnership (SWAP)  
Claire Hodgson, Audit Manager of South West Audit Partnership (SWAP)

Prior to the start of the meeting the Section 151 Officer distributed an Annual Governance Report & Action Plan, relating Agenda Item 5, Audit Committee Action Plan.

#### **A30 Apologies for Absence**

Apologies for absence were received from Councillors M J Chilcott, S Y Goss and P H Murphy.

#### **A31 Minutes**

(Minutes of the Meeting of Audit Committee held on 27 September 2011 – circulated with the Agenda).

**RESOLVED** that the Minutes of the Meeting of the Audit Committee held on 27 September 2011 be confirmed as a correct record.

#### **A32 Declarations of Interests**

Members present at the meeting declared the following personal interests in their capacity as a Member of a County, Parish or Town Council:

<b>Name</b>	<b>Minute No</b>	<b>Description of Interest</b>	<b>Personal or Prejudicial</b>	<b>Action Taken</b>
Cllr A Trollope-Bellew	All	SCC	Personal	Spoke and voted

**A33 Public Participation**

No members of the public had requested to speak.

**A34 Audit Committee Action Plan**

(Action Plan, circulated with the Agenda).

The Section 151 Officer advised that the Annual Governance Report & Action Plan, circulated at the start of the meeting, addressed the third and fourth resolutions of A27 Annual Governance Report 2010/11.

**RESOLVED** that the Audit Committee Action Plan be noted.

**A35 Audit Committee Forward Plan**

(Forward Plan, circulated with the Agenda).

The Section 151 Officer advised that during a pre Audit meeting held earlier that week, members were advised that there would not be time to discuss the Treasury Management Strategy item, scheduled for March 2012, it was therefore suggested that a special meeting be held in February to consider the report. Further, that the deferred item, Certificate of Claims and Returns, would also be considered at the special meeting.

**RESOLVED (1)** that a Special Meeting of the Audit Committee be held on 8 February 2012, at 4.30 pm, in the Council Chamber, Council Offices, Williton.

**RESOLVED (2)** that, subject to the following amendments, the Audit Committee Forward Plan be noted.

- a) Treasury Management Strategy Statement, MRP Policy and Annual Investment Strategy 2011-12 being moved from March 2012 to February 2012,
- b) Certificate of Claims and Returns, Agenda Item 9, being deferred to February 2012.

**A36 Change to Appointed Auditor for 2011/12**

Mr. Alan Williams, District Auditor, Audit Commission, advised of the changes to the Council's appointed auditors: he had replaced Mr. Brian Bethell and Mr. Peter Lappin, Audit Manager had replaced Mr. Peter Brown, both of whom had retired.

**Note:** With the agreement of the Chairman this item was brought forward on the Agenda.

**A37 Draft Annual Audit Letter**

(Draft Annual Audit Letter, circulated with the Agenda).

The District Auditor of the Audit Commission advised that the draft Annual Audit Letter 2010/11 provided a brief summary of work carried out in the last financial year, the purpose was to measure the work in a user-friendly way that was aimed primarily at the public. It was a legal requirement to produce the letter and all members of the Council had been sent a copy.

**RESOLVED** that the draft Annual Audit Letter 2010/11, be noted.

**A38 Certificate of Claims and Returns**

Members noted that this item had been deferred to the Special Audit Committee Meeting to be held on 8 February 2012.

**A39 Outstanding Level 4 and 5 Recommendations**

(Internal Audit 2010/11 4 & 5 Recommendations, circulated with the Agenda).

The Section 151 Officer reported that at the Audit Committee's meeting held September 2011, it was resolved that SWAP report on the outstanding level 4 and 5 recommendations. The report sets out those recommendations prioritised as level 4/5 and provides a 'follow-up summary' on the current position.

The Group Manager for Environment & Services reported on the points that were outstanding, as detailed in report attached to the agenda:

- 3.1 to 3.4 were linked to Northgate, the main difficulties were the frame freezing and problems with printing. In June a new module was uploaded onto the system, training had been conducted but not all the problems had been resolved yet. The IT service were working with Northgate to resolve the problems in order that it's full potential could be achieved. Another module was to be uploaded in the very near future, which would enable officers to take control and produce more accurate and timely reports if required.
- 3.6 work had not been completed but was being monitored to ensure that it was completed, and
- 3.7 very few officers had access to the system.

The Group Manager for Housing & Community reported on the points that were outstanding, as detailed in report attached to the agenda:

- 1.1 work to complete this weakness had been larger than anticipated however, it was expected to be complete by the end of December 2011.
- 1.3 and 1.4 work was currently underway and it was expected that work to address both weaknesses would be completed by the end of January 2012.

The Section 151 Officer reported that with regard to 11.2, work to address the weakness would be completed by the end of April 2012 and would be monitored through the Corporate Management Team.

**RESOLVED** that the outstanding Level 4 and 5 recommendations be noted.

**Note:** With the agreement of the Chairman this item was brought forward on the Agenda.

**A40 Partnerships Audit**

(Report No. WSC 147/11, circulated with the Agenda).

The purpose of the report was to report progress to Audit Committee in implementing recommendations from South West Audit Partnership following an audit of partnership arrangements.

The Section 151 Officer advised that the Committee had requested a report on the work undertaken to address the level 4 and 5 recommendations that were identified in the SWAP quarterly report relating to partnership arrangements, and presented at the last meeting of the Audit Committee in September 2011. During the process of producing guidance on partnerships various stages were undertaken: the register was reviewed; the definition of a partnership was defined – essentially, a partnership must deliver a statutory requirement or corporate priority; identified partnerships, that fell within guidance, were assessed for their significance by looking at cost, corporate priorities, risk etc; the significance of the partnership then dictated the reporting requirements for each level of partnership.

In response to a suggestion that an annual report of significant partnerships should be more frequent the Section 151 Officer reported that key risks would be identified through service planning and reported on a quarterly basis.

Members wished to thank the Section 151 Officer and those involved in the work undertaken to review the Council's partnerships and implement the recommendations from SWAP following an audit of partnership arrangements.

**RESOLVED (1)** that the work undertaken in reviewing the Council partnerships, be noted.

**RESOLVED (2)** that the West Somerset Council has a firm understanding of all partnerships, grants, service level agreements, collaborative works and contracts in which it is involved, be noted.

**RESOLVED (3)** that the internal audit recommendations be 'signed off' as completed.

#### **A41 Quarterly Review of Internal Audit Activity**

(Quarterly Review of Internal Audit Activity, circulated with the Agenda).

The purpose of the report was to provide a review of the Internal Audit activity plus any significant control weaknesses that remain unresolved.

The Audit Manager of South West Audit Partnership informed that work conducted in quarter 3 had concentrated on key financial controls, all testing had been completed and reports were in the process of being produced. She was confident that the audit plan of work would be completed by the end of the year.

In response to a question the Section 151 Officer advised that audits scored as 'partial' assurance would have a follow up audit conducted in the following year to make sure that recommendations had been addressed.

**RESOLVED** that the Quarterly Review of Internal Audit Activity, Quarter 3, 2011/12, be noted.

**Note:** With the agreement of the Chairman this item was moved to later on the Agenda.

**A42 Treasury Management Update – Mid Year Review**

(Report No. WSC 146/11, circulated with the Agenda).

The purpose of the report was to update the Committee on the Treasury Management position as at 30 September 2011.

The Section 151 Officer reported that it was a requirement of the CIPFA code to update members during the year. The treasury management update sets out how the Council invests its surplus funds, how it borrows money and the running of its' day-to-day business and would be presented to Council in January. The treasury management strategy would also be presented to full Council and then to Audit Committee in February 2012.

The Council achieved 0.47% return on its investments, in line with the benchmark. The investment period was short as the Council needed to have easy access to it. There was a shortfall on the budgeted investment due much lower than expected interest rates. Also, it was expected that some assets would have been sold, but were not yet.

During the course of the discussion Members noted that:

- Once CPE was introduced car park income was likely to increase.
- Officers were putting together a three-year capital programme which would assist with comparing cash flow and other aspects, which would help the Council to take a view on whether to extend its' loan or pay it off.

**RESOLVED** that the Treasury Management position as at 30 September 2011, be noted.

**Note:** With the agreement of the Chairman this item was changed to the last item on the Agenda.

The meeting closed at 5.56 pm.