

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON 24 NOVEMBER 2011**

MEMBERS

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr I Bramble	*	Cllr J M Hodgson
∅	Cllr C G Bruce-Spencer (Vice Chairman)	*	Cllr J T Pennington (Chairman)
*	Cllr B F Cane		

Also in attendance and participating	
Cllr T R Holway	

Officers in attendance	
All Agenda Items: Head of Finance and Audit, Chief Internal Auditor, Chief Accountant, and Member Support Officer; and The Principal Auditor, The Audit Manager and the District Auditor (Audit Commission)	

A.21/11 MINUTES

The minutes of the meeting of the Audit Committee held on 28 September 2011 were confirmed as a correct record and signed by the Chairman.

A.22/11 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting but none were made.

A.23/11 AUDIT COMMISSION PROGRESS SUMMARY TO 15 NOVEMBER 2011

The District Auditor presented the summary. Members noted the conclusions in the 'Protecting the Public Purse 2011' report and the 145 cases of procurement fraud detected amounting to £14.6 million. The District Auditor responded that as a result of the economic climate, there was an increased propensity for fraud, which was why the Audit Commission was paying this such attention.

It was then:

RESOLVED

That the contents of the Progress Summary be noted.

A.24/11 AUDIT COMMISSION ANNUAL AUDIT LETTER 2010/11

The District Auditor informed Members that the Audit Letter was a brief summary of all the audit work that had been undertaken in 2010/11. The Committee Members he said, would already be familiar with the contents, but the document was really geared towards informing the public

It was then:

RESOLVED

That the Annual Audit Letter be noted and accepted.

A.25/11 AUDIT COMMISSION – AUDIT OF SYSTEM CONTROLS AND FINANCIAL STATEMENTS

The District Auditor presented the report, which by contrast to the previous document, was produced specifically for the Council's finance officers. The report set out the key findings from the review of the Council's key financial system controls, audit of the financial statements and the Whole of Government Accounts return, and the work on the implementation and reporting of the Council's first time adoption of the International Financial Reporting Standards (IFRS). The report was presented to the Committee, in order for them to be informed of what work was in progress and of their recommendations.

The Commission had found that the Council had appropriate systems and controls in place to ensure that materially correct financial statements were produced. Accounting processes and governance arrangements were generally robust, however, a small number of control weaknesses were identified in the general ledger and debtor systems. The arrangements for the implementation and reporting of the IFRS were agreed and the review of the financial statements had been completed. An unqualified audit opinion was issued on 29 September 2011.

A number of recommendations had been made regarding areas that could be strengthened for future years, and, in particular the need for improved quality assurance arrangements was highlighted.

The Chairman commented that it would be more helpful if the officer responses to the recommendations could have been absorbed in the main body of the report, rather than appended separately. The Chief Internal Auditor confirmed that officers had responded to all the recommendations and agreed a way forward. He further assured that the weaknesses identified in debtor controls could be dealt with internally, without the requirement for external resources.

The District Auditor was asked what the situation now was in regard to Local Audit. Members were informed that all the work undertaken by the Audit Commission would be outsourced. The Audit Commission was now in the tendering process and thirteen organisations had submitted a tender. A decision on the successful applicant would be made in late February/early March 2012. A consultation with all audited bodies would then take place to ascertain if there were any conflict of interests e.g in regard to previous contractual arrangements. It was envisaged that the entire process would be completed by September 2012. Current staff would continue with work being undertaken on financial statements until the end of October 2012 and would then transfer to the new provider.

It was asked if the costs for auditing would increase as a result of these changes. The District Auditor responded that costs were more likely to decrease, as the level of work that was previously required to be undertaken by the Audit Commission, had now diminished

It was then:

RESOLVED

That the Audit of System Controls and Financial Statements be noted.

A.26/11

PROGRESS AGAINST THE 2011/12 INTERNAL AUDIT PLAN

The Chief Internal Auditor presented the report which informed Members of the principal activities of the Internal Audit Section of Financial Services for 2011/12 to 31 October 2011. The Chief Internal Auditor informed that good progress was currently being made against the plan. There were no significant issues to bring to the attention of the Committee and no actual, suspected or allegations of fraud, and no breaches of financial rules.

In light of the Committee wishing to discuss elements of the exempt appendices, it was:-

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business in order to avoid the likely disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

Members then discussed the exempt appendices, which had been presented as part of the report, and the Chief Internal Auditor responded to a number of queries that were raised.

It was then:-

RESOLVED

That the public and press be readmitted.

It was then:-

RESOLVED

That the report be noted and has been commented upon.

A.27/11 RATIONALISATION OF PARKING PERMITS

In accordance with a previous request of the Committee (minute A.07/11 refers), the Street Scene Manager (Service Development) presented a report that sought to review the current provision of parking permits in off-street car parks and set out some recommendations for the rationalisation of them. The officer further informed the Committee that the Economy and Environment Scrutiny Panel had discussed the same issue at their recent meeting and had made a number of recommendations (minute E.28/11 refers)

It was then:

RESOLVED

That the Audit Committee has considered the report and wishes to express its support for the recommendations made by the Economy and Environment Panel at its meeting on 24 November 2011(minute E.28/11 refers).

(Meeting commenced at 2.00 pm and concluded at 2.55 pm)

Chairman