

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON 27 SEPTEMBER 2012**

Members in attendance			
* Denotes attendance			
*	Cllr I Bramble	*	Cllr L P Jones
*	Cllr C G Bruce-Spencer (Vice Chairman)	*	Cllr J T Pennington (Chairman)
*	Cllr A S Gorman		

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Head of Finance and Audit, Chief Accountant, Principal Accountant, Chief Internal Auditor, Risk and Health & Safety Advisor and Member Support Officer. Also, the Audit Manager and District Auditor – Audit Commission
Item 5	A.13/12	Corporate Director (AR) and Head of Assets

A.11/12 MINUTES

The minutes of the meeting held on 17 July 2012 were confirmed as a correct record and signed by the Chairman.

A.12/12 DECLARATIONS OF INTEREST

Members and officers 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.13/12 STRATEGIC RISK ASSESSMENT – SIX MONTHLY UPDATE

Members considered a report which sought to inform them of the current situation with regard to corporate strategic risk assessment and a summary of the management/mitigation of the identified risks.

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, and the Corporate Director and Head of Assets 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 Committee note the report and the strategic risks with a score over 16 and has commented on the nature of the risks and the risk management actions proposed.

A.14/12 AUDIT COMMISSION – ANNUAL GOVERNANCE STATEMENT

The District Auditor informed Members that the Audit Commission would be issuing an unqualified opinion on the Accounts and an unqualified value for money conclusion.

He highlighted some key messages in the statement. These being:
Property, Plant and Equipment (PPE) Asset Verification: Heads of Service review the asset register at the year end to verify that it is complete, the assets included within it physically exist and that they were owned by the Council as at 31 March 2012. Heads of Service were supplied with an incomplete asset register a few days before the year-end and could not therefore identify that some purchased assets were missing from the asset register and that some 2011/12 disposals (that happened in the last few days in March) were still included. In future, this list would be provided to Heads of Service and Middle Managers in early April.

PPE Disclosure Note: Some figures in the PPE note had been incorrectly disclosed net of depreciation charged to the Comprehensive Income and Expenditure Statement. A similar issue had been reported in the 2010/11 Annual Governance Report. These errors had no effect on the PPE net book value disclosed in the Balance Sheet and had been amended in the accounts.

Accruals Process: Some weaknesses had been identified in the Authority's accruals process. Testing found that some small items of income and expenditure had not been accounted for in the correct year in line with the Authority's accruals policy. The District Auditor went on to say that a lot of work had been undertaken by both the Finance staff and the Internal Audit Team to ensure the sampling errors were not systemic.

During the discussion, the following points were made:

- The Vice Chairman agreed that the Finance staff should be congratulated for all the hard work which had been undertaken in order to achieve value for money, but she expressed disappointment that the issue regarding PPE disclosure that had been reported in the 2010/11 accounts had recurred in the 2011/12 accounts. The Head of Finance and Audit informed Members that it had been thought that the asset management software (RAM) used had produced a report in the correct format. Unfortunately, this proved not to be the case. However, she gave assurances that the software suppliers would be approached to ensure that a new report would be available for the 2012/13 accounts.
- The District Auditor stated that the issues reported were small and should be considered in the context of the overall audit assessment, i.e. that he intended to issue an unqualified opinion on the Authority's 2011/12 financial statements.

It was then

RESOLVED

That the Annual Governance Statement 2011 and the report of the Auditors and its recommendations be noted.

A.15/12 ANNUAL STATEMENT OF ACCOUNTS 2011/12

The report was discussed and the significant savings that would arise from the impending change in external audit provider be noted.

It was then

RESOLVED

That:

- 1) the wording of the Letter of Representation be approved; and
- 2) the audited Statement of Accounts be also approved.

A.16/12 UPDATE OF THE ANNUAL GOVERNANCE STATEMENT 2011/12

Members were informed that there were issues regarding the preparation of the Annual Governance Statement, some of which related to:

Shared Service Operating Arrangements, whereby the temporary position of the Monitoring Officer would not be resolved until the outcomes of the current legal review were known, and also the Dartmouth Embankment. These issues meant there would be a revision to the dates for completion of the action plan to address the significant governance and control issues identified through the assurance process.

During the discussion, the following issues were raised:

- The issue of the recent planning application for a Costa Coffee Shop in Totnes was discussed and the issue it had raised with regard to the interpretation of the new planning framework and to what extent the wishes of a local community were considered in such applications where fierce opposition had been demonstrated. This was deemed to be unexplored territory with a potential risk for appeals. It was discussed that this application highlighted an issue for contentious planning applications all over the country.
- With regard to the post of the Monitoring Officer, it was asked if this post could be undertaken as a shared post. Members were informed that there was a benefit in this being a shared post in that constitutions could be streamlined where possible. However, it was noted that there would need to be separate deputy Monitoring Officers to ensure sufficient cover for the business of various panel and committee meetings and to protect the Councils from any potential conflict of interest brought about by a shared Monitoring Officer.
- Members were informed that maintaining whistleblowers anonymity was built into the Policy and the organisation also had to provide feedback to the complainant in general terms that action has been taken.

It was then

RESOLVED

That the Audit Committee notes the minor updates to the Annual Governance Statement 2011/12 approved by the Council.

A report was presented which informed Members of the position of the Council against the checklists included in the:

- National Fraud Authority's (NFA) strategy 'Fighting Fraud Locally' and the
- Audit Commission publication, 'The National Fraud Initiative'.

The Internal Auditor informed that the Authority complied with the NFA's 'Fighting Fraud Locally' voluntary checklist, but did not have a dedicated Counter Fraud Officer post. The view had been taken that this role was undertaken by Internal Audit, though the Authority did have a dedicated Benefits Fraud Team.

During the discussion, the following points were raised:

- It was noted that there was a potential for benefit fraud to increase with the continuing poor economic outlook and that only time would tell if the change to localised Council Tax Support increased fraud or just the necessity for recovery action.
- The Vice-Chairman noted that the protection of the public purse was an issue for all staff and a Member suggested that it should be further promoted to Town and Parish Councils.
- With regard to recovery, Members noted that it was important for the reputation of the Council to undertake recovery action where necessary to send the message out that the Authority was robust.

It was then

RESOLVED

The Audit Committee notes the report and the condition of the Council against the Checklists.

A.18/12

PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2012/13

Members considered the report that informed them of the principal activities and findings of the Council's Internal Audit Team for 2012/13 to the 31 August 2012.

The Chief Internal Auditor highlighted that the five days which had previously been allocated to Dartmouth Town Council would now be allocated to undertaking the Annual Governance Statement at West Devon Borough Council.

During the discussion, the following points were raised:

- Members were informed that, whilst some contingency days were allocated to the plan, where an overspend was anticipated, days

were reallocated from elsewhere in the plan.

- With regard to the Financial Procedure Rules, these had been aligned with West Devon and the best aspects of both Authority's rules had been incorporated into them. The draft version was with the S.151 Officer and Monitoring Officer for review and was likely to appear on the Audit Committee's next agenda.
- Members were informed that four shared officers had met with officers from South Oxfordshire and Vale of White Horse Councils who were further along the road in terms of the shared service's agenda. The key areas that officers focused on were time recording, which was likely to be introduced at South Hams in the project based work in Assets and ICT

It was then

RESOLVED

That the Audit Committee notes the progress made against the 2012/13 Internal Audit Plan and has commented on the issues arising.

(Meeting commenced at 2.00 pm and finished at 4.00 pm)

Chairman