

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 5 JUNE 2014**

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

Other Members in attendance and participating	
Cllrs J M Hodgson and S A E Wright	

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Head of Finance and Audit, Chief Internal Auditor and Member Services Manager
Item 10,11	A.08/14, A.09/14	Monitoring Officer
Item 5, 6, 7	A.03/14, A.04/14, A.05/14	Engagement Lead - Grant Thornton

A.01/14 MINUTES

The minutes of the meeting held on 3 April 2014 were confirmed as a correct record and signed by the Chairman.

A.02/14 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.03/14 AUDIT FEE LETTER

The Committee was presented with the Planned Audit Fee letter for 2014/15 letter from Grant Thornton. The Committee was advised that the fee was the same as for the previous year and that the fee for grant claim work was reduced from the previous year.

In response to a question, the Engagement Lead confirmed that the Audit Commission was a quango set up to manage public sector accounts and, whilst the work was now outsourced, they still exist as a small centre that administered contracts. It was expected that from 2017/18 local authorities would be able to appoint their own auditors.

It was then:

RESOLVED

That the Audit Fee letter be noted.

A.04/14 **HOUSING BENEFIT SUBSIDY CERTIFICATION WORK PLAN FOR SOUTH HAMS DISTRICT COUNCIL**

The Committee considered a Work Plan for Housing Benefit Subsidy Certification Work Plan presented by Grant Thornton. The Committee was advised that this was the only grant claim that required auditing.

It was then:

RESOLVED

That the Work Plan be noted.

A.05/14 **AUDIT COMMITTEE UPDATE FOR SOUTH HAMS DISTRICT COUNCIL**

The Committee was presented with an Audit Committee update from Grant Thornton.

The Engagement Lead advised the Committee that this was a standing report and set out the work that would be required by the External Auditors and the timeframe within which it must be completed. He also drew the Committee's attention to a booklet entitled 'A Guide to Local Authority Accounts' that had been produced by Grant Thornton. Copies were distributed to Committee Members. The Chairman advised that he had received an invitation for two Members to attend a workshop to be run by Grant Thornton and he proposed that he and Cllr Bramble attend. Cllr Gorman also expressed an interest and it was agreed that Cllrs Pennington and Bramble would attend and if capacity allowed, then Cllr Gorman could also attend.

It was then:

RESOLVED

That the report be noted.

A.06/14 **INTERNAL AUDIT – ANNUAL REPORT AND OPINION ON THE ADEQUACY OF INTERNAL CONTROL 2013/14**

Members considered a report that summarised and informed of the principle activities of the Internal Audit section of Finance and Audit during 2013/14. The Chief Internal Auditor introduced the report and drew Members attention to the opinion as set out on page 28 of the presented report. He then took Members through the key elements of the report.

In discussion, reference was made to:-

- (a) Whilst the strategic risk register had never been stronger, there was an issue with the monitoring of operational risks, although these do not tend to change often. The Risk and Health and Safety Advisor had agreed to look into this matter;
- (b) In terms of the creation of a single integrated fraud investigation service, the Head of Finance and Audit advised that the reason for a single team was likely to be related to the introduction of Universal Credit and also to enable further joined up working;
- (c) Finally, in respect of the ongoing HMRC investigation, there was still no news to report.

It was then:

RESOLVED

That the report and the Internal Auditor's opinion on the Adequacy of Internal Control be noted.

A.07/14

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT 2013/14

The Committee was presented with a report that provided assurance that the system of internal Audit was in place and effective.

It was then:

RESOLVED

That the findings of the Review of the Effectiveness of the System of Internal Audit be noted.

A.08/14

REVISION OF THE CONTRACT PROCEDURE RULES

A report was considered that allowed the Audit Committee to carry out an overview of the updated Contract Procedure Rules to enable them to recommend adoption to the Council of the document and the amended rules surrounding exemptions. The Chief Internal Auditor introduced the report and asked that thanks be noted to the Procurement Officer who had assisted with the preparation of the document but was unable to attend the meeting. He then took Members through the report and highlighted the key changes to the Procedure Rules.

During discussion, the following points were raised:

- (a) Members were pleased to see the definitions at the beginning of the document and felt this would be helpful;
- (b) One Member felt there was too much reference in the document to the European Union (EU). The Chief Internal Auditor advised that EU Directives were included in UK legislation. Another Member stated that there were differing views on the EU amongst the Committee Members and he felt the intention of EU Directives was to raise standards;
- (c) A Member asked how Members could find out about payments made by the Council for less than £50,000. In response, the Head of Finance and Audit advised that a spreadsheet was held in the Finance Department but any payments over £500 were listed on the Council website. The Monitoring Officer added that the Legal Department held records of all contracts awarded;
- (d) A Member asked if green procurement had been considered when the Procurement Rules were written and drew the Committee's attention to a document she had previously circulated that set out the benefits of green procurement. Officers responded that they would ensure that the Procurement Officer was aware of the document but also advised that the Procurement Rules as set out were a set of minimum standards;
- (e) Members felt that para 8.1.1 of the Procedure Rules was not clear and requested that this be rewritten for clarity prior to being considered for approval at the Special Council meeting on 19 June 2014;
- (f) Members discussed Development Agreements and the Chief Internal Auditor provided clarity on Development Agreements and Concession Contracts.

It was then:

RESOLVED

That Council be **RECOMMENDED** that the Contract Procedure Rules (as shown in appendix A of the presented report) be approved and included in the Council's Constitution, subject to amendment of para. 8.1.1 for clarity.

[Note: the revised Contract Procedure Rules will be available as an electronic appendix on the Council website to these minutes and available in hard copy on request]

A.09/14 **CODE OF CORPORATE GOVERNANCE – 2013/14 COMPLIANCE REVIEW**

The Committee considered a report that informed Members of the results of the 2013/14 compliance review of the 2011 Code of Corporate Governance. The Code described South Hams District Council's intention to discharge its responsibilities, and how the Code would be tested and monitored annually.

Following a brief discussion, it was then:

RESOLVED

That the findings of the 2013/14 Compliance Review of the Council's Code of Corporate Governance 2011 be noted, including the significant governance issues to be taken to the Annual Governance Statement.

(Meeting commenced at 2.00 pm and finished at 3.35 pm)

Chairman