

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON TUESDAY, 11 DECEMBER 2007**

MEMBERS

* Cllr M J Howarth - Chairman

* Cllr R F Croad - Vice-Chairman

∅ Cllr P Coulson

* Cllr R Rowe

* Cllr G Date

* Denotes attendance

∅ Denotes apologies for absence

Also in attendance and participating:

Cllrs R D Gilbert, P W Hitchins, C W Jones, D W May, D M O'Callaghan
and R J Tucker.

Officers in attendance:

For all agenda items: Strategic Director (Resources), Internal Audit Manager and
Risk & Health & Safety Advisor;

Item 5 (minute A.20/07 below refers): Head of Landscape & Leisure, Leisure &
Recreation Officer, Senior Auditor, Juliette Dickinson and Robert Warner (Tone
Leisure).

A.18/07 MINUTES

The minutes of the meeting of the Audit Committee held on 11 September 2007 were confirmed as a correct record and signed by the Chairman.

A.19/07 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting and these were recorded as follows:

Cllr C W Jones declared a personal interest in item 5: 'Monitoring Report – Leisure Centres, Sport and Healthy Lifestyles Contract' (minute A.20/07 below refers), by virtue of him previously holding the position of Chair of the now disbanded South Hams Community Leisure Trust.

Cllr R D Gilbert declared a personal interest in item 5: 'Monitoring Report – Leisure Centres, Sport and Healthy Lifestyles Contract' (minute A.20/07 below refers), by virtue of him being a board member of the now disbanded South Hams Community Leisure Trust. Also, his wife was an unpaid volunteer for the walks programme.

A.20/07

MONITORING REPORT – LEISURE CENTRES, SPORT AND HEALTHY LIFESTYLES CONTRACT

The Committee considered a report that highlighted the overall performance and current key issues of the leisure centre management arrangements with Tone Leisure

During discussion, particular reference was made to:-

- (a) the figures for swimming at Totnes Pavilions being identical for 2007/08 and 2006/07 as detailed in the paper that was tabled at the meeting. Members were informed that the figures for 2006/07 were inherited by Tone Leisure and therefore couldn't be reconciled or verified by a credible data source;

- (b) the level of signage for Totnes Pavilions. A Member felt that the signage for the Totnes Pavilions was poor and people that were visiting the area wouldn't necessarily know that there was a leisure centre in the Totnes area. Members were informed that the issue of signage had never been raised regarding Totnes Pavilions but any signage plans would need to be a joint venture between Tone Leisure and Tadpool;

- (c) whether the contract clearly stated which organisation was responsible for maintenance and replacement of equipment. Officers informed Members that such responsibilities were detailed in the contract and that any repairs were the responsibility of Tone Leisure, whilst replacement works were a responsibility of the Council. The procedure had recently been tested and had demonstrated the importance of a close working relationship between Tone Leisure and South Hams District Council;

- (d) Carbon Trust. Officers informed Members that discussions were on-going amongst South Hams District Council officers.

- (e) Dartmouth Dual Use Agreement. Members were informed that the draft agreement was still awaiting comments from Devon County Council. Member colleagues who were also County Councillors were asked to try and progress this matter further;

- (f) increase in usage of health and fitness activities. A Member congratulated Tone Leisure on the increase in the usage across health and fitness as detailed in the presented report;

- (g) whether some community activities had been sidelined for activities with a greater profit margin. Tone Leisure representatives informed Members that this was not the case and that the activity programmes had been restructured due to some leisure centres having a disproportionate number of junior activities. The usages of activities were being monitored with the aim to improve access and encourage people to become more active, more often;
- (h) changes to catering arrangements. Members were informed that the business plan for catering aimed to try and break even within three years. However, with six months worth of data, it was apparent that some facilities were suffering a massive financial loss which had resulted in a review of the catering operations. Any changes in working practices had been fully consulted with catering supervisors in the relevant centres;
- (i) the last QUEST assessment. In response to a question, Tone Leisure representatives informed Members that the South Dartmoor Leisure Centre gained accreditation shortly before Tone Leisure undertook the contract and that Quayside Leisure Centre would be next to seek to gain accreditation. Reassurance was given to Members that QUEST was one of three Key Performance Indicators contained within the contract.
- (j) the youth nights. Members noted that there had been a drop in attendance numbers during the summer period. Members were informed that this reduction was due to the summer months presenting a greater range of activities and opportunities outside of those contained in the youth nights. The youth nights were a pilot which was in its first year. Tone Leisure had built a good relationship with the Youth Service, with both parties committing a large amount of resources to the project. A non-group Member was able to confirm that the Youth Service was greatly encouraged by the number of youths that were attending.
- (k) GP referrals. Members were informed that the GP referral system was working differently at all four Leisure Centres. The system had now been overhauled with measures put in place to ensure consistency across all centres.
- (l) the exempt appendices. At the request of Members to discuss these, it was therefore:-

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 item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

Officers and Members proceeded to discuss the anticipated financial data contained within these appendices. Once all Members were satisfied that they had no further questions in relation to the appendices, it was then:

RESOLVED

That the public and press be re-admitted.

It was then:

RESOLVED

That the content of the Leisure Contract Monitoring Report be noted.

A.21/07

INTERNAL AUDIT TERMS OF REFERENCE AND AUDIT STRATEGY

A report was considered that allowed Members of the Audit Committee to review the Internal Audit Terms of Reference and Audit Strategy 2007/08, and sought Members approval for the documents as required by the CIPFA 'Code of Practice for Internal Audit in Local Government' (2006).

During discussion, reference was made to:-

- a) the wish for response rates to be included for the customer survey in the performance indicator data as well as the percentage of audit reports where the agreed recommendations were satisfactorily actioned;
- b) the view that the cost of the external audit should be included in the end of year report as was the practice at Devon County Council. It was felt that this would aid comparisons.

RESOLVED

That the Internal Audit Terms of Reference and Audit Strategy 2007/08 be approved.

A.22/07 **REVISION OF STANDING ORDERS RELATED TO CONTRACTS**

A report was considered that allowed the Audit Committee to carry out an overview of the updated Standing Orders Relating to Contracts to enable them to recommend adoption of the document and the amended related financial limits to the Council

Members noted that the document was completed based on a CIPFA template adapted to local needs, with the main limits in line with Teignbridge's version. It was also noted that the Council was being asked to adopt the Gateway Review Process which was developed by the OCG. This process meant that at key stages in the lifecycle of the contract tests were conducted to ensure that the Council was not presented with an unexpected outlaying of funds at the end of the contract.

RESOLVED

- i) That Standing Orders Relating to Contracts be reviewed and updated as presented in the circulated report;
- ii) that Council be **RECOMMENDED** to approve the Standing Orders Relating to Contracts and its inclusion in the Council's Constitution, under the heading of 'Contract Procedure Rules', and the revised financial limits be approved.

A.23/07 **AMENDMENTS TO FINANCIAL INSTRUCTIONS**

Members considered a report that allowed the Audit Committee to review a small number of amendments to the Financial Instructions. One such amendment was to make the Head of Customer Services responsible for the procedures, assessment and payment of benefit in place of the head of Financial Services.

RESOLVED

- i) That the amendments to the Council's September 2007 Financial Instructions has been reviewed and;
- ii) that Council be **RECOMMENDED** to approve the update of the document.

A.24/07 **INTERNAL AUDIT – INTERIM REPORT ON PROGRESS AGAINST THE 2007/08 INTERNAL AUDIT PLAN**

Consideration was given to a report that informed Members of the principal activities and findings of the Internal Audit section of Financial Services for 2007/08 to November 2007.

Members noted that despite the fluctuating staff levels experienced in the Internal Audit section, due to the illness of the Audit Manager, the output of work was comparable to the previous year and in line with the internal audit plan as a result of more time than planned being available from the European Grant Officer. It was noted that, the audit of Partnership Management had been introduced to the revised 2007/08 plan and been awarded a higher priority status than the two suspended audits that would be carried forward to next year with a higher priority rating than this year.

Members wished to discuss the exempt appendices. It was therefore:-

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 item of business as the likely disclosure of exempt information as defined in paragraph 7 of Schedule 12A to the Act is involved.

Officers and Members proceeded to discuss the summary of audit findings included in the exempt appendices. Once all Members were satisfied that they had no further questions in relation to the appendices, it was then:

RESOLVED

That the public and press be re-admitted.

It was then:-

RESOLVED

That the progress made against the 2007/2008 Internal Audit Plan be noted and the summary of issues arising has been considered.

A.25/07 **RISK MANAGEMENT – QUARTERLY REVIEW**

A report was considered that provided an up-date on risk management activities.

During discussion, reference was made to:-

- a) the data link between the Council and Teignbridge District Council. Members were informed that West Devon Borough Council had also been considered for such a link but until the extent of shared services was known, the extent of such a link would also be unknown.
- b) the generator. Members were informed that work to procure a generator was on-going with quotations having been received for the small model.
- c) Member training. It was hoped that by the end of January 2008 all Members would have received SIC and Risk Management Training.

RESOLVED

That progress made on risk management be noted.

(Meeting commenced at 10.00 am and concluded at 12.45 pm)

Chairman