

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON 15 JUNE 2010**

MEMBERS

∅ Cllr J T Pennington - Chairman

∅ Cllr P Coulson - Vice-Chairman

* Cllr B F Cane

* Cllr M Hannaford

* Cllr R F Croad

* Denotes attendance

∅ Denotes apology for absence

Officers in attendance for all agenda items:

Internal Audit Manager, Head of Financial Services, Risk and Health and Safety
Advisor and Member Support Officer.

Also in attendance for all agenda items:

Mr Steve Brown (Audit Manager – Audit Commission) and Cllr M J Hicks

A.01/10 **ELECTION OF CHAIRMAN**

RESOLVED

That Cllr R F Croad be appointed as Chairman for the
duration of this meeting only.

A.02/10 **MINUTES**

The minutes of the meeting of the Audit Committee held on 6 April 2010
were confirmed as a correct record and signed by the Chairman.

A.03/10 **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.04/10 AUDIT COMMISSION PROGRESS SUMMARY TO 27 MAY 2010

The District Auditor (Audit Commission (AC)) advised the Committee that the fee letter had been withdrawn pending clarification about changes to the inspection regime. Since the new Government had announced that they would abolish Comprehensive Area Assessments, the work on Use of Resources had stopped. However, the work that had already been undertaken would be used to inform their assessment on their Value for Money conclusion, which would be delivered alongside the opinion on the accounts.

A.05/10 EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT 2009/10

The Internal Audit Manager presented a report that provided Members with assurance that the System of Internal Audit was in place and effective. The process to produce the Annual Governance Statement required the Council, through the Internal Audit Manager, to review the effectiveness of the system of internal audit covering:

- Compliance with the standards set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government 2006;
- Effectiveness of the Audit Committee;
- Reliance on Internal Audit;
- Client and management opinion; and
- Extent to which IA adds value and helps delivery of corporate objectives.

With regard to compliance with the CIPFA Code of Practice 2006, the Internal Audit Manager had carried out a self assessment of the Council's Internal Audit Service against a schedule kindly supplied by Teignbridge District Council. The results were satisfactory with no significant issues arising. With regard to the effectiveness of the Audit Committee, a workshop had been undertaken in June 2010 to carry out a self assessment based on a schedule from the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities'. The results from this process were also satisfactory. For assessment under Client and Management opinion, the audit team issued satisfaction surveys to the main client officers, and of the 30 responses, 99.4% had graded Internal Audit as good or excellent.

The Internal Audit Strategy 2009/10 had set out the performance indicators to be recorded. The number of audit reports issued were 9 major systems, 32 other systems/establishments and 1 external body. The reduced number of reports, when compared with the previous year, had been due to the audit of arrangements at Totnes Pavilion which replaced four lower priority areas. 96% of the approved audit plan was completed, with only one audit carried forward to 2010/11.

It was then:-

RESOLVED

That the findings of the Review of the Effectiveness of the System of Internal Audit be noted and are found to be satisfactory.

A.06/10 **INTERNAL AUDIT – ANNUAL REPORT AND OPINION ON THE ADEQUACY OF INTERNAL CONTROL 2009/10**

The Internal Audit Manager presented a report that summarised and informed Members of the principal activities of the Internal Audit section of Financial Services during 2009/10, by:

- Showing the progress made by the section against the 2009/10 audit plan reviewed by members in April 2009;
- Providing an Opinion on the adequacy of the Council's control environment;
- Outlining any significant findings and the action taken by managers to address the recommendations; and
- Providing a summary of the main issues raised by individual audits.

There was a brief discussion, before the Members turned to the exempt appendix which had been presented with the report.

A.07/10 **EXCLUSION OF PUBLIC AND PRESS**

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 7 of Part 1 of Schedule 12A to the Act.

Members then discussed the exempt appendix, which had been presented as part of the report, and the Internal Audit Manager responded to a number of queries that were raised. The Internal Audit Manager was then tasked to provide the Committee with further information on the legal costs relating to the Sherford Area Action Plan.

It was then:-

RESOLVED

That the public and press be readmitted.

It was then:-

RESOLVED

That the report be noted and the Internal Audit Manager's Opinion on the Adequacy of Internal Control is found to be satisfactory.

A.08/10

REVISION OF CONTRACT PROCEDURE RULES (FORMERLY KNOWN AS STANDING ORDERS RELATED TO CONTRACTS)

The Internal Audit Manager presented a report that allowed the Audit Committee to carry out an overview of the updated Contract Procedure Rules (formerly known as the Standing Orders Relating to Contracts) to enable them to recommend adoption to the Council of the document and the amended related financial limits.

The key changes to the 2007 document were:-

- The lower limit for obtaining three quotes to be increased from £3,000 to £5,000;
- No approved lists, due to the cost of proper administration compared with the volume of use of such lists; and
- Prevention of Corruption and Anti Competitive behaviour – reinforcement of this section of the 2007 document to ensure officers are aware of the Bribery Act 2010 and the Office of Fair Trading's guidance on anti-competitive behaviour.

It was then:-

RECOMMENDED

That on reviewing the updated version of the Council's Contract Procedure Rules, the Audit Committee **RECOMMEND** to Council its inclusion in the Council's Constitution and the adoption of the revised financial limits.

A.09/10

CONFIDENTIAL REPORTING POLICY (WHISTLE-BLOWING)

Members were informed that the Monitoring Officer had reviewed and rewritten the policy in March 2009 and confirmed that it remained fit for purpose. This policy was in addition to the Council's complaints procedures, procedures for staff to raise grievances and other statutory reporting procedures. Heads of Service and Service Managers were responsible for making individual workers aware of the existence of this policy.

It was then:-

RECOMMENDED

That the Executive be **RECOMMENDED** that the Audit Committee has considered the policy and endorses its approval.

A.10/10 RISK MANAGEMENT – QUARTERLY REVIEW

The Risk and Health and Safety Advisor presented a quarterly report that updated Members on risk management activity for the period from March 2010.

At the Scrutiny Group meeting held on 1 December 2009, the Group resolved the merits of establishing a task and finish group to investigate the Council's involvement in all its partnerships and to assess their Value for Money implications with regard to costs and resources. A task and finish group reported to the Community Policy Development Group on 15 April 2010 and concluded that of the 13 non-significant partnerships, 10 provided value for money, but they required further information on:

- Devon Rural Housing Partnership;
- Devon Improvement Group; and
- Devon Strategic Housing Group.

The following partnerships were identified as significant partnerships for the Council and in accordance with the Council Partnership Policy and Guidance, a report would be submitted to Scrutiny in July 2010.

- South Hams Strategic Partnership;
- Devon Strategic Partnership;
- South Devon AONB;
- Visit South Devon;
- Supporting People Partnership;
- Children's Trust;
- South Devon & Dartmoor Crime & Disorder Reduction Partnership;
- Devonwide Concessionary Bus Travel Partnership;
- Total Place; and
- Procurement Partnership.

Members were informed that discussions were being held regarding a shared Local Strategic Partnership with West Devon. The audit of Risk Management had been completed and it had been recommended that the Risk Management report to the Committee include high level and emerging risks on a regular basis. Members were informed that a business continuity test was to be held on 30 June 2010.

It was then:-

RESOLVED

That the Audit Committee had considered the report and the progress made on risk management and found it to be satisfactory.

(Meeting commenced at 10.00 a.m. and concluded at 11.30 am)

Chairman