

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD AT FOLLATON HOUSE, TOTNES ON TUESDAY, 10 JUNE 2008**

**MEMBERS**

\* Cllr M J Howarth - Chairman

\* Cllr J T Pennington - Vice-Chairman

\* Cllr P Coulson

\* Cllr G Date

\* Cllr R F Croad

\* Denotes attendance

Also in attendance and participating:  
Cllrs M J Hicks and R J Tucker

Officers in attendance:

For all Agenda Items: Strategic Director (Resources), Internal Audit Manager, Senior Auditor, Risk & Health & Safety Advisor and Steve Brown (Audit Manager – Audit Commission);

Item 5 (minute A.3/08 below refers): Lee Budge (District Auditor – Audit Commission).

**A.1/08 MINUTES**

The minutes of the meeting of the Audit Committee held on 8 April 2008 were confirmed as a correct record and signed by the Chairman.

**A.2/08 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.3/08 AUDIT AND INSPECTION PLAN 2008/09**

Members considered the Audit and Inspection Plan for 2008/2009, which set out the audit and inspection work to be undertaken in the 2008/09 financial year. The plan was based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Performance Assessment (CPA). The plan reflected:

- Audit and inspection work specified by the Audit Commission for 2008/09;
- Current national risks relevant to the local circumstances; and
- The Council's local risks and improvement priorities.

During discussion, particular reference was made to:-

- (a) potential risks in developing partnerships. It was noted that these potential risks reflected the current uncertainties and unknown elements associated with the Local Government Review and the continuing work with the Shared Services agenda. The Audit Commission welcomed the work in progressing Shared Services and stressed that it did not wish to place undue emphasis on this factor, but felt it important that it was referred to in the Plan;
- (b) the Comprehensive Area Assessment (CAA). The Audit Commission advised that the CAA was area based and was intended to focus on outputs and reflect the new environment of partnership working. To assist Members, the Audit Commission agreed to undertake a Member Briefing session, once the CAA concept had been appraised.

### **RESOLVED**

That the report be welcomed and Council's attention be drawn to the Council's 'excellent' categorisation for the 2007 Comprehensive Performance Assessment.

A. 4/08

### **CODE OF CORPORATE GOVERNANCE 2008 – COMPLIANCE REVIEW**

The Audit Committee considered a report which informed Members of the results of the compliance review of the 2008 Code of Corporate Governance.

During discussion, particular reference was made to:-

- (a) the Standards Committee also considering the review. It was noted that the Standards Committee was charged with promoting and maintaining effective processes for governance issues, including the receipt of an annual review of the Council's Code of Corporate Governance. As a consequence, the Chairman advised of his wish to be informed when the matter was due for consideration by the Standards Committee and his wish to attend this meeting. In the future, a Member requested that consideration be given to the possibility of holding a joint meeting between the Audit and Standards Committees to consider the matter jointly;
- (b) the publication of the annual report which was sent to all households in the district. It was agreed that this report would also be published on the Council's website;

- (c) the employment of a Climate Change officer post. For clarity, the Committee was informed that Teignbridge District Council was hoping to recruit a full-time Energy Efficiency Officer post and a further part-time resource. It was felt that there was potential provision for a shared arrangement to be undertaken between South Hams, West Devon and Teignbridge within the part-time post;
- (d) effective mechanisms to monitor service delivery. In response to a question, officers believed that effective mechanisms were in place, with reference being made to the Covalent System, Performance Indicators and the Citizens Panel. However, it was acknowledged that the credibility of mechanisms such as the Covalent system were highly dependent upon officers ensuring the correct (and up to date) information was input. It was agreed that officers would re-emphasise the importance of updating information with the Council's Strategic Management Team;
- (e) the Council's Whistle Blowing Policy. Officers advised that the Policy was currently under review;
- (f) ensuring that effective arrangements were in place for reviewing the performance of the executive as a whole and of individual Members. In light of Members highlighting that this point was also an identified weakness in the CPA Use of Resources checklist, officers stated that they would look into this matter and report back to the Committee.

### **RESOLVED**

That the findings of the Compliance Review of the Council's Code of Corporate Governance 2008 be noted, and significant governance issues taken to the 2007/08 Annual Governance Statement.

A.5/08

### **SYSTEM OF INTERNAL CONTROL AND ANNUAL GOVERNANCE STATEMENT FOR SOUTH HAMS DISTRICT COUNCIL 2007/08**

Consideration was given a report which provided Members with sufficient information to enable them to independently examine the draft Annual Governance Statement (AGS) and the supporting process and evidence.

During discussion, the following points were raised:-

- (a) Officers outlined the current problems facing the Council in both retaining and recruiting staff. Officers made particular reference to the impact of both the Local Government Review and the Job Evaluation exercise, which was creating a degree of uncertainty amongst current and potential staff members;

- (b) Members' attention was drawn to an updated version of the AGS which had been tabled to the meeting. It was noted that in the tabled version, and for clarity, the Action Plan had been made more specific. The Committee suggested further minor amendments be incorporated prior to the AGS being approved by Council, which officers agreed to incorporate and append to the published minutes. Members commented that the Action Plan constituted a vast improvement upon its 2006/07 equivalent.

**RECOMMENDED**

That Council be **RECOMMENDED** to approve the updated Annual Governance Statement (as presented at Appendix A to these minutes).

A.6/08

**INTERNAL AUDIT – SUMMARY OF ACTIVITIES AND FINDINGS FOR 2007/08**

A report was considered which summarised and informed Members of the principal activities of the Internal Audit section of Financial Services during 2007/08.

During discussion, particular reference was made to:-

- (a) the time budget overspend attributed to Data Protection and Freedom of Information. It was noted that there was contingency within the audit plan for such purposes. Officers also informed that in practical terms, the number of Data Protection and Freedom of Information requests were on the increase, and in hindsight, the initial five days allocated was insufficient for effectively two separate audits;
- (b) the shared services update. In welcoming the increased collaboration between the authorities, Members were advised that it was intended that a report would be presented to the Committee at its next scheduled meeting on 9 September 2008;
- (c) the opinion definitions within the annual plan. To provide greater scope, officers advised that the opinion definitions associated with the activities of Internal Audit were to be increased from three to four. In line with Teignbridge District Council, the Committee was informed that for future reports, the audit opinion would be defined as either: 'Excellent', 'Good', 'Fair' or 'Poor'.

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

In discussion on the exempt appendices, particular reference was made to:-

- (d) Council Tax. Members expressed some concerns with regard to the results and the conclusion reached by Internal Audit and requested a further report back on this matter at the next scheduled meeting on 9 September 2008;
- (e) the Debtors System. Members were reminded that at the last Committee meeting (A.33/07 refers), they had requested a 6-month update report on the implementation of the recommendations made. Therefore, this matter would be revisited at 9 September 2008 meeting;
- (f) Planning Policy, including S106 Agreements. A Member emphasised the importance of this issue and his wish for it to be closely monitored. It was therefore agreed that this matter would be reconsidered by the Committee at its 2 December 2008 meeting;
- (g) Sheford New Community. The Committee wished for its concern to be recorded on the matter of delayed reimbursement of some specific costs from neighbouring authorities;
- (h) Dartmouth Lower Ferry. Some Members expressed their concern that this issue still appeared to be unresolved. A Member, who was also the Chairman of the Prosperity Policy Development Group, which had the remit of monitoring the service, advised that he would request that this matter be considered by the Group;
- (i) Recruitment. Members highlighted potential liability concerns and requested that full responses on the matters in question be forwarded to the Committee for its information;
- (j) Appendix E to the presented report. In emphasising the importance of following up the recommendations of Internal Audit, the Chairman circulated a paper which he had produced. The paper illustrated that for over 25% of the audit reports followed up, agreed actions to recommendations had not been fully implemented, which was considered to be undesirable. As a consequence, the Committee requested that its concern be reported to the Chief Executive and Strategic Management Team.

It was then:-

**RESOLVED**

That the public and press be re-admitted.

It was then:-

**RESOLVED**

That:-

1. the report be noted;
2. concern be expressed with regard to a number of debts not collected and invoices not issued;
3. following the specific results and conclusions reached by Internal Audit, update reports be presented to the Committee on Debtors and Council Tax on 9 September 2008; and S106 Agreements on 2 December 2008;
4. concern be expressed to the Chief Executive and Strategic Management Team at the high proportion of follow-up actions not being adequately addressed; and
5. the Committee extends its thanks and gratitude for the excellent work undertaken by the Internal Audit team.

A.7/08

**RISK MANAGEMENT – QUARTERLY REVIEW**

A report was considered that provided an update on risk management activities.

During discussion, the following points were raised:-

- a) The Committee welcomed the fact that all Members had now been in receipt of risk management awareness training;
- b) Members were informed that regardless of the Local Government Review, the Strategic Management Team still supported the need for generated power. In response, the Committee reiterated its wish for a generator to be purchased. Members stated their wish that a report be presented to the Executive, which sought approval to such an acquisition, as soon as was practically possible.

**RESOLVED**

That progress made on risk management be noted.

(Meeting commenced at 10.00am and concluded at 1.00pm)

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Chairman