

Minutes

Meeting of: Audit Committee

Meeting held in: The Meeting Room, 37 Endless Street, Salisbury

Date: 26 July 2005

Commencing at: 10.00am

Present:

Mrs J Clarkson (Independent Person) – **Chairman**
Councillor J R L Nettle – **Vice Chairman**

Councillors J A Brady, D A Culver, P D Edge, P V H Paisey and K C Wren.

Officers

D Crook (Policy Director), Mrs. D Melville (Financial Services), A Rose (Democratic Services) and J Vaughan (Financial Services).

Also present

B Bethel (Audit Commission) and P Brown (Audit Commission).

12. Apologies

There were none.

13. Public Questions/Statement Time:

There were none

14. Councillor Questions/Statement Time:

There were none



Awarded in:
Housing Services
Waste and Recycling Services



15. Minutes

Resolved – that the minutes of the meeting held on 22nd June 2005 (previously circulated) be approved and signed by the Chairman.

The Chairman raised the following matters arising from the minutes:

1. Under minute 10, part 1 mentions producing the CIPFA manual onto CD Rom. Is this available?

The Committee was asked if they all wanted a CD Rom. Those who expressed an interest will be provided with one, otherwise committee members will use a hard copy which they have already received.

2. Under minute 10, part 3 mentions a presentation from the Risk Management Group. Has this been arranged?

The Policy Director present advised that he would arrange for it to be available for the next meeting. Post meeting note: the date of this presentation will be on Monday, 24th October in Committee Room 1 and not as part of a formal meeting.

16. Declarations of Interest:

There were none

17. Chairman's Announcements:

There were none.

18. Presentation from the Audit Commission

Brian Bethel, of the Audit Commission, made a presentation on the role of the Audit Commission (attached to these minutes as appendix 1).

During the course of the presentation members of the committee asked questions. The main questions asked were as follows (with any reply given):

- How is the split decided between audit work undertaken by the Commission and private firms?

This is decided by the Commission. In addition to its own auditors, private firms are appointed to provide audit services in each local area. The Commission monitors quality and cost of all service providers to ensure value for money.

- Is the Audit Commission to be involved in any of the Gershon Reviews at district council level?

Not yet but there are discussions taking place with the Office of the Deputy Prime Minister (ODPM) on the role of audit. One option that has been floated is for the Audit Commission to randomly test a number of the efficiency savings put forward by authorities.

- In many instances local government is implementing central government policies. Therefore, what does get audited? Often what is being undertaken by an authority is not its own decision or policy?

The Audit Commission is independent of central government, however, it is not tasked in auditing policies but in how those policies are implemented.

- Will the Evaluation of Use of Resources scores be available in the public domain?

Yes, but the exact mechanism is not yet decided upon.

- Is an appeal possible if an authority disputes the score given?

There is a formal review process that can be requested.

- Does Salisbury District Council have a track record of concerns expressed by the public? How are we notified when the Audit Commission receives them?

There have only been a few concerns received. When they are received the relevant officer in the authority will be notified.

- Does the Audit Commission invite concerns to be expressed or does it only react when one is received?

Local authorities have a statutory duty to advertise the right which the public have to express their concerns to the Audit Commission about the accounts being produced. However, it does lead some members of the public to think that they can then complain about other issues.

- Do the annual Audit Commission inspections use the CPA criteria? Are they taken into account during the formal CPA inspection?

The framework for district council CPA inspections is still being consulted on. It is important that the framework chosen is acceptable to authorities.

- Salisbury District Council received a “Good” rating at its CPA inspection in 2004. Why is there still a need for further inspections, such as the mini-inspection of customer services recently completed?

That mini-inspection was probably arranged some time ago. However, it is important to point out that the Audit Commission is undertaking fewer and fewer inspections which has resulted in a drop by 30% of the income of the Commission. This has led to a reduction in the workforce. The Audit Commission has stated that it believes CPA inspections in the future need to be lighter touch which involve less work.

Inspections should be more proportional, i.e. to be undertaken where they will achieve the best value. However, the inspections have to become tougher and more competitive. If we want authorities to improve then it is necessary to use a higher standard than the previous inspection.

Following this presentation, Peter Brown provided a presentation on the Audit Committee and External Audit (attached to these minutes as appendix 2).

Councillor Wren invited the Audit Commission to make the same presentations to the Cabinet later on in the current financial year so that they can be fully informed.

19. The Role of Internal Audit – a presentation from the Chief Internal Auditor

The Committee received a presentation from the Chief Internal Auditor (attached to these minutes as appendix 3) regarding the role of the section.

Following this presentation, those present were invited to ask questions. The main questions asked were as follows (with any subsequent reply made):

- How does the Council ensure that its officers are compliant with CIPFA ethics? Is there a compliance monitoring system?

It is the job of the Chief Auditor to ensure that her team comply. However, this should be picked up by normal staff development.

- Is there any part of the work undertaken by Internal Audit which is outsourced?

IT audit work has been outsourced to Deloitte & Touche since 2002.

- Are any agency staff used by the department?

On occasions but not very frequently.

- Should there be a review of the policy of Internal Audit not making formal recommendations to Service Units regarding their individual issues. It is possible that a Service Unit that does not take action to resolve a risk could make the Council non-compliant. However, too strong a role by Internal Audit could be resented by Service Unit Heads.

The report from Internal Audit to individual units will highlight areas of weaknesses and that units are required to take action.

- Should the reports that are sent to units by Internal Audit which identify weaknesses be circulated to senior management also?

The final report that is prepared goes to the responsible Policy Director and an executive summary is copied to the Chief Executive.

20. Internal Audit Plan 2005/06 to 2008/09

The committee considered the report of the Chief Internal Auditor (previously circulated):

During the discussion on this matter, the following questions were raised (with any subsequent reply):

- Page 2, first paragraph - Are we going to review the frequency of these reviews?

The frequency is reviewed annually and agreed with the Audit Commission as part of the planning process.

- Paragraph 4.1 – is the vacancy mentioned going to be filled?

It was filled last year on a temporary basis. It is a very small post (0.2 of a full time equivalent) so is difficult to fill. The alternative is to use agency staff but that can prove expensive.

- What is the minimum size of post that would attract applications?

We should be able to fill a part time post (0.5 of a full time equivalent).

- There is concern that some areas (as shown in the appendix to the report) which are shown as having medium risk assessment do not have any audits planned.

Resolved –

- (1). that the Audit Plan for 2005/06 to 2008/09 be approved.
- (2). that the Chief Internal Auditor prepare a report to this committee making a case to increase the establishment of the Internal Audit section by 0.3 FTE.

21. Internal Audit Report 2004/05

The committee considered the report of the Chief Internal Auditor (previously circulated). During this consideration, the following comments were made by the committee:

- On page 3 of the report, where limited assurance given, there should ideally be an audit undertaken.
- In 3.5.2 (page 4) under subject of Risk Management (in table) – it states that the work is outstanding. Is there any progress on this?

Some training is being arranged and there is to be a presentation regarding the Risk Management Group to this committee.

- 4.4 on page 7 should be monitored on an ongoing basis.
- 4.1 (page 6) – Internal Audit should be checking with Service Units when changes are going to be implemented.

22. Update on Statement of Internal Control and Feedback on Annual Audit Letter

The Committee considered the report of the Chief Internal Auditor. The committee made no comments on this report.

23. Date of Next meeting

Resolved – that the date of the next meeting should be 9.30am on Thursday, 20th October in Committee Room 2, Bourne Hill.

The meeting concluded at 12.25 pm