

**Unconfirmed minutes – to be confirmed at the next meeting of the Audit Committee**

**SOUTH DOWNS NATIONAL PARK AUTHORITY      Agenda Item 15**

**MEETING OF AUDIT COMMITTEE MEETING HELD ON 17 APRIL 2012**

Held at Capron House, Midhurst, at 10.30am

Present:

Sebastian Anstruther	Norman Dingemans (Chair)	Lewis Doyle (independent Member)
Ken Hunt (independent Member)	Mark Kemp-Gee	Sue Saville
Sue Seward	Charles Peck (ex-officio)	

Officers: Trevor Beattie (Chief Executive Officer), Helene Rossiter (Director of Corporate Services), Anne Rehill (Performance and Business Planning Manager), Fiona MacLeod (Member Services Manager), Mark Dallen (Audit Manager) and Simon Mathers (Audit Commission)

**APOLOGIES**

74. Apologies were received from Margaret Paren (ex-officio).

**ELECTION OF COMMITTEE DEPUTY CHAIR**

75. As there were no nominations for the role of Deputy Chair, Members agreed to defer the election.

**DECLARATIONS OF INTEREST**

76. None.

**MINUTES**

77. The minutes of the Audit Committee meeting held on 18 January 2012 were approved and signed as a correct record by the Chair.

78. With reference to minute 62, monthly updates on actions taken on outstanding Audit recommendations would be provided via email to the Committee Chair by the Business Planning and Performance Manager for interim monitoring purposes between Committee meetings.

79. With reference to minute 65, the Director of Corporate Services confirmed that the South Downs National Park Authority (SDNPA) Contract Register, and procurement templates and letters had been in place since 31 March 2012.

80. With reference to minute 68, the Performance and Business Planning Manager, reported that the Invitations to Tender (ITT) for the provision of Legal Services had been issued on 16 April with a response date of 11 May 2012. An initial decision would be made at the end of May and a contractual handover completed by the end of June 2012.

**URGENT MATTERS**

81. None.

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**PUBLIC PARTICIPATION**

82. There no members of the public present.

**CORPORATE RISK REGISTER**

83. The Committee considered a report from the Director of Corporate Services (Report AC 08/12) presenting the SDNPA Corporate Risk Register as at March 2012.

84. Members' attention was drawn to the increased number of 'red' risks in the Register, however mitigations had been put in place and the Register was reviewed monthly by the Strategic Management Team (SMT).

85. During discussion, officers clarified the following in response to Members' questions:

- risk 55 (multiple pressures for delivery) - the level of risk was proportionate to such a new organisation and assurance was given that a framework with sufficient officer resource, processes and prioritisation was available for mitigation activities
- risk 45 (lack of capacity) – new staff that had been recruited as part of the mitigation of the risk had replaced interim staff holding these posts in the organisational structure. However 2 or 3 additional posts would be needed to cover new roles such as enforcement in Planning, and internal communications to take into account feedback from the recent staff survey and Member Away Day
- risk 56 (Capron House) – this was a capital project with a ring fenced budget, and risks were managed through the project and escalated to the Risk Register as appropriate. A report on the project is on the agenda for a future SDNPA meeting and the Resources and Performance Committee would receive regular updates.
- the Audit Manager's view was that the Risk Register was considered to be well developed and focussed, with sophisticated arrangements in place, and consideration given for the resources needed to deliver

86. Comment was made that as the organisation was in its second operational year, officers should be enabled and supported by Members to carry out their work.

87. **Resolved:** that the Committee:

1. approves the Corporate Risk Register as at March 2012
2. refers risks 55 and 56 for consideration by the Resources & Performance Committee at its meeting on 21 June 2012

**INTERNAL AUDIT PROGRESS AND IMPLEMENTATION REPORT**

88. The Committee considered a report by the Chief Finance Officer (Report AC 09/12) and introduced by the Audit Manager, who updated the Committee on the work of Internal Audit and the progress made against the Internal Audit Plan 2011/12.

89. The Audit Manager drew Members' attention to the implementation of recommendations as outlined in Section 7 of the report. He explained that the outstanding recommendations had either not yet reached their deadline for implementation or had been implemented since the production of the report

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90. The Director of Corporate Services welcomed the 'reasonable assurance' given by the Internal Audit to Health & Safety where significant steps to set up the SDNPA policy and process had been achieved in a short period of time.
91. **Resolved:** that the Committee:
1. notes progress against the Internal Audit Plan and the implementation of recommendations previously made

## **2011/12 AUDIT PLAN**

92. The Committee considered a report by the Audit Manager, Audit Commission (Report AC 10/12) presenting the 2011/12 Audit Plan attached as Appendix 1 to the report.
93. The Committee was reminded that the 2 key elements of the Plan were the opinion on the financial statement and the value for money (VFM) conclusion.
94. In response to a question on the roles of internal and external audit, the Audit Manager explained that Internal Audit was a management function covering framework review, evidence of agreements and operational controls. External Audit was required to produce a statutory response on the financial statements. There was no conflict of interest with the working relationship between Internal Audit (Brighton & Hove City Council) and external audit (Audit Commission). The Director of Corporate Services clarified B&HCC was successful in the financial services tender, which included elements for internal audit, on merit as part of the open procurement process.
95. The Audit Manager updated the Committee on the completion of the payroll testing. No errors had been found therefore the level of confidence was high. Additional controls had been put in place for payroll transactions for SDNPA, managed by Brighton & Hove City Council
96. **Resolved:** that the Committee:
1. notes the proposed approach to the 2011/12 audit of financial statements and value for money (VFM) conclusion

## **AUDIT COMMISSION OUTSOURCING AND AUDIT FEE 2012/13 UPDATE**

97. The Committee received a verbal report from the Audit Manager, Audit Commission, on the progress made on outsourcing as part of the successor arrangements to the Audit Commission. Firms had been invited to bid for 5 year contracts and Ernst & Young had been successful for the South East of England contract. The Audit Manager will transfer to Ernst & Young in October 2012, and was expected to remain as Audit Manager for the SDNPA in the short term.
98. Ernst & Young would deliver the external audit activities with a 40% reduction in fees for 2012/13 for approximately £12,000 pa for the 5 year contract.

## **INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2012/13**

99. The Committee considered a report by the Chief Finance Officer (Report AC 11/12) and introduced by the Audit Manager presenting the Internal Audit Strategy and Annual Plan 2012/13 for approval..

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100. Members were reminded that any significant changes to the Plan would be reported to the Audit Committee for approval. Minor or urgent changes would be referred to the Director of Corporate Services.
101. **Resolved:** that the Committee:
1. approves the Internal Audit Strategy and Audit Plan for 2012/13

## **ITEMS FOR NEXT COMMITTEE MEETING**

102. The following items would be considered for the Audit Committee meeting to be held on 12 June 2012 at 10.30am
- Risk Register
  - Internal Audit Plan
  - Successor arrangements for the Standards Committee
  - 2011/12 Outturn
  - Equality & Diversity update

## **CHAIR**

The meeting closed at 11.58am