

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

SOUTH DOWNS NATIONAL PARK AUTHORITY

MEETING OF AUDIT COMMITTEE MEETING HELD ON 20 JUNE 2011

Held at Capron House, Midhurst, at 10.30am

Present:

Norman Dingemans	Ken Hunt (independent Member)	Mark Kemp-Gee
Susan Warren	Lewis Doyle (independent Member)	Margaret Paren (ex-officio)

Officers: Catherine Vaughan (Chief Finance Officer), Richard Shaw (Chief Executive Officer), John Beckerleg (Director of Corporate Services), Fiona MacLeod (Member Services Manager), Mark Dallen (Audit Manager) and Helen Thomson (Audit Commission). Kevin Gardner (Monitoring Officer) attended for the Part II item.

PART 1

APOLOGIES

80. Apologies were received from Charles Peck (ex-officio).

DECLARATIONS OF INTEREST

81. None.

MINUTES

82. The minutes of the Audit Committee meeting held on 5 April 2011 were approved and signed as a correct record by the Chair.
83. With reference to Minute 42, the Audit Manager advised that the assurance letter was expected to be completed in the next few weeks.
84. With reference to minute 22 regarding the decision on whether or not to implement a full purchase order system for 2011/12, Members were advised that this was not being taken forward for 2011/12 but would be considered when the specification for the Financial Services tender from 1 April 2012 was prepared.
85. With reference to minute 26, it had been agreed that Hampshire County Council Internal Audit would provide an assurance letter to cover overarching risks for the South Downs National Park Authority (SDNPA) for the purposes of producing the Annual Governance Statement. A priority for Q1 of 2011/12 would be to undertake an IT risk assessment to inform a programme of work for the first full operational year of the SDNPA.

URGENT MATTERS

86. None.

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PUBLIC PARTICIPATION

87. There were no members of the public present.

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2010/11

88. The Committee considered a report introduced by the Audit Manager (Report AC 15/11).
89. Members' attention was drawn to the Internal Audit Coverage and Output section of the Annual Report, and the limited assurance status for procurement was highlighted. The Audit Manager explained that he had been unable to obtain confirmation of the availability of all the documentation for procurement contracts undertaken by Natural England at the time of the Audit. The Director of Corporate Services advised that all Natural England contract documentation had now been made available and existing contracts would be reviewed
90. During discussion, officers clarified the following in response to Members' questions:
- Brighton & Hove City Council had a separate systems audit undertaken; Hampshire County Council audit covers local systems i.e. not key financial systems
 - positive and detailed responses had been received to all Audit recommendations
 - new challenges would arise as more people were put on payroll, transaction volumes increased, and the planning system was implemented
91. **Resolved:** that the Committee notes the contents of the report, and in particular the Internal Audit Opinion for 2011/11 on the adequacy and effectiveness of the internal control, the internal audit coverage and any significant issues emerging.

PROVISIONAL OUTTURN 2010/11

92. The Committee considered a report introduced by the Chief Finance Officer (Report AC 17/11) informing the Committee of the provisional outturn position 2010/11 as reported to the Resources & Performance Committee on 9 June 2011.
93. The underspend was a reflection on timing issues surrounding staff recruitment and set up costs. It was recognised that changes in budget responsibilities and new staff being recruited meant that there was a need for budget holder training.
94. The drafting of the Financial Statements was on target to meet the deadline for approval of 30 June 2011.
95. **Resolved:** that the Committee notes the Provisional Outturn report for 2010/11.

CORPORATE RISK REGISTER

96. The Committee considered a report introduced by the Director of Corporate Services (Report AC 18/11) that presented a revised Corporate Risk Register as at May 2011.
97. During discussion, officers clarified the following in response to Members' questions:

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- 14 out of the 15 local authorities were set to sign the S101 Agreements by the end of June 2011. Discussions were ongoing with the fifteenth (J7)
 - the Resources & Performance Committee had approved the purchase of the IT planning system (D25)
 - the Rights of Way Working Group would be part of the risk mitigation(C31)
 - the Strategy Lead for Access had just been appointed to deliver the accords with the Highways Authorities (C31)
 - a consistent approach was needed from the Highways Authorities (C31)
 - 2 Support Officers would be recruited on fixed term contracts to help deliver planning policy (F44)
 - The risk register was used to shape Strategic Management Team meeting agendas, and the register was reviewed regularly
98. **Resolved:** that the Committee approves the Corporate Risk Register as at May 2011

AUTHORISATION, FINANCIAL CONTROL AND BUDGET MONITORING

99. The Committee considered a report introduced by the Director of Corporate Services (Report AC 19/11) outlining the current arrangements for budget management across the SDNPA in 2011/12.
100. The Committee was advised of the different levels of control hierarchy that had been put in place regarding authorisation and approval limits. Members were reminded that the overall rules had been set in the Financial Regulations and Financial Procedures approved by the Authority.
101. **Resolved:** that the Committee notes the arrangements for budget management in 2011/12.

INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2011/12

102. The Committee considered a report introduced by the Audit Manager (Report AC 20/11) explaining the framework that gave assurance over the SDNPA's internal control, risk management and governance arrangements. This was the second Strategy and Plan presented to the Audit Committee.
103. The Committee was advised that the Audit Plan would be cross referenced with the Risk Register. Although there were no specific themed reviews scheduled to demonstrate Value For Money (VFM), specific audits such as procurement would incorporate considering VFM. Members were reminded that the 4 criteria for VFM Conclusions were Financial Planning; Understanding Cost; Financial Reporting; and Risk Management/Internal Control.
104. **Resolved:** that the Committee approves the Internal Audit Strategy and Annual Audit Plan for 2011/12.

FUTURE OF LOCAL PUBLIC AUDIT

105. The Committee considered a report introduced by the Director of Corporate Services (Report AC 21/11) setting out the main areas covered in the Department for Communities and Local Government (DCLG) consultation that would close on 30 June 2011.

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106. The Committee's attention was drawn to the proposed arrangements detailed in Section 4 of the report and a draft response was tabled at the meeting.
107. Members asked for clarity on the definition of an 'Independent Member', the impact of the need or otherwise for an independent Chair of the Standards Committee, and any merger of the Audit and Standards Committees as a result of the consultation. Members expressed the view that they were content with the current model for the Audit Committee.
108. **Resolved:** that the Committee
1. notes the consultation paper on local public audit; and
 2. agrees that the Director of Corporate Services should submit a response to the consultation reflecting the points raised at the meeting.

REVIEW OF CIPFA AUDIT CONFERENCE

109. The Committee considered a report introduced by the Director of Corporate Services (Report AC 22/11) on the recent conference 'Audit in a new era of change' attended by the Director of Corporate Services, the Committee Chair, and Ken Hunt.
110. **Resolved:** that the Committee notes the content of the conference

ANNUAL GOVERNANCE STATEMENT

111. The Committee considered a report introduced by the Director of Corporate Services (Report AC16/11) explaining the statutory basis for the production of an Annual Governance Statement (AGS) and the contribution it made to ensuring good governance within a public authority.
112. Members welcomed the report and the Chief Finance Officer advised that a 6 monthly review would be undertaken to ensure the Statement represented a 'true reflection' of the organisation and reported to the Committee. The Committee agreed that a local Code of Governance should be prepared in 2011/12.
113. **Resolved:** that the Annual Governance Statement for 2010/11 to be approved to accompany the Authority's Statement of Accounts

ITEMS FOR NEXT COMMITTEE MEETING

114. Consideration will be given to an in-depth discussion on the planning system.
115. Date of next meeting is 27 September 2011 at 10.30am

EXCLUSION OF PUBLIC AND PRESS

116. **Resolved:** that the press and public be excluded from the meeting during the following items of business on the basis that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information within the following Paragraphs of Part 1 of Schedule 12A to the Local

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Government Act 1972: Paragraph 3, being information relating to the financial and business affairs of any particular person (including the authority holding the information)

UNPLANNED AUDIT: PAYMENTS REVIEW

117. The Committee considered a confidential report from the Chief Finance Officer (Report AC 23/11).

CHAIR

The meeting closed at 12.40pm