

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

**SOUTH DOWNS NATIONAL PARK AUTHORITY      Agenda Item 4**

**MEETING OF AUDIT COMMITTEE MEETING HELD ON 27 SEPTEMBER 2011**

Held at Capron House, Midhurst, at 10.30am

Present:

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

Officers: Catherine Vaughan (Chief Finance Officer), Richard Shaw (Chief Executive Officer), John Beckerleg (Director of Corporate Services), Fiona MacLeod for Part I only (Member Services Manager), Mark Dallen (Audit Manager), Helen Thomson (Audit Commission), and Louise Read (Deputy Monitoring Officer)

**PART 1**

**OPENING REMARKS**

1. Members were advised that, following the resignation of Susan Warren, the Chief Executive Officer had exercised his power under Section 18 of the Authority's Standing Orders to appoint Sebastian Anstruther as a voting Member of the Committee.

**APOLOGIES**

2. Apologies were received from Sue Saville.

**ELECTION OF COMMITTEE CHAIR**

3. Norman Dingemans was appointed as Chair of the Audit Committee for the following year

**ELECTION OF COMMITTEE DEPUTY CHAIR**

4. As there were no nominations for the role of Deputy Chair, Members agreed to defer the election until the next meeting.

**DECLARATIONS OF INTEREST**

5. None.

**MINUTES**

6. The minutes of the Audit Committee meeting held on 20 June 2011 were approved and signed as a correct record by the Chair.

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7. With reference to Minute 85, the IT Risk Assessment review was intended to consider all risks associated with IT and was linked to work being undertaken on Disaster Recovery/Business Continuity.

## **URGENT MATTERS**

8. None.

## **PUBLIC PARTICIPATION**

9. There were no members of the public present.

## **ANNUAL GOVERNANCE REPORT**

10. The Committee considered a report introduced by the External Auditor which set out the work undertaken and the conclusions in relation to the financial statements and Value for Money (VFM) as summarised in the Annual Governance Statement (AGS) (Report AC 24/11). The report was complementary to Report AC 25/11.
11. Members' attention was drawn to the acknowledgement that although risk management processes were in place, there were concerns regarding the VFM conclusions.
12. During discussion, officers clarified the following in response to Members' questions:
  - VFM concerns considered weaknesses identified in invoicing, authorisation and procurement processes, which had been recognised and were being addressed
  - back office processes had been revised to address known weaknesses in the accounts payable systems including availability of documentation
  - the original agreed fee for the external audit was £23,000. An additional fee would be payable in respect of the audit although this additional payment was likely to be at the lower end of the range £7,000 to £10,000.
13. The Committee felt that the AGR was a fair assessment of the Authority's first year in being, and appreciated the work undertaken by officers and the Finance team.
14. **Resolved:** that the Committee notes the Annual Governance Report including the actions being asked of the Audit Committee

## **AUDIT OF ACCOUNTS ENDED 31 MARCH 2011: LETTER OF REPRESENTATION AND THE REVISED STATEMENT OF ACCOUNTS 2010/11**

15. The Committee considered a report introduced by the Chief Finance Officer (Report AC 25/11) presenting the revised Statement of Accounts following the audit. The Report was complementary to Report AC 24/11
16. The Chief Finance Officer reminded the Committee that the Statement reflected a financial snapshot in time during the shadow, non operational, year of the Authority. Officers had set out actions to respond to the District Auditor's recommendations.
17. The Committee discussed Recommendation 3 of the report and agreed that the unadjusted error should be adjusted in the following financial year, albeit this was a small amount. External Audit expressed a similar preference for the adjustments.

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The Committee agreed to delete this recommendation, and the revised order of the recommendations were as shown below

18. **Resolved:** that the Committee.
  1. notes the findings of the Audit Commission in their Annual Governance Report (AGR)
  2. notes the adjusted misstatements to the 2010/11 Statement of Accounts as set out in paragraph 5.3 of the Report
  3. notes the result of the public inspection of the accounts as set out in paragraph 6.1 of the Report
  4. approves the Letter of Representation on behalf of the Authority (Appendix 1 to the Report)
  5. approves the management responses to the action plan in the AGR as set out in Appendix 5 of the AGR
  6. approves the revisions to the Annual Governance Statement as set out in paragraph 7.1 in the Report
  7. approves the audited Statement of Accounts for 2010/11 (Appendix 6 to the Report)

## **INTERNAL AUDIT PROGRESS AND IMPLEMENTATION REPORT**

19. The Committee considered a report introduced by the Audit Manager (Report AC 26/11) who updated the Committee on the work of Internal Audit and the progress made against the Internal Audit Plan 2011/12.
20. During discussion, it was agreed to include a target date and an enhanced comments section for future reporting of progress against the internal audit recommendations.
21. **Resolved:** that the Committee notes progress against the Internal Audit Plan and the implementation of recommendations previously made

## **PLANNING RISK ISSUES**

22. The Committee considered a report introduced by the Head of Planning (Report AC 27/11) that advised of the approach to dealing with risks arising from the provision of the planning service and their mitigation.
23. The Committee was advised that the Head of Planning expected that more accurate information regarding the income and fees for planning applications would be received from the relevant local authorities as part of the Quarter 2 forecast. The reliance on local authority reporting would cease once the IDOX planning system was in place.
24. The Chief Finance Officer clarified that fluctuations were inevitable and would require robust monitoring, especially as the planning income and costs were a financially significant consideration for the Authority.
25. In response to a question regarding the key risks, the Head of Planning explained that the IDOX system was web-based software which would be hosted by IDOX. There was a compound risk should the Authority migrate to a new IT supplier on the same day as the IDOX implementation, and this risk was being actively managed. The Head of Planning explained that the procurement of a new GIS contract was not critical for IDOX implementation.

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26. The Committee was advised that a draft report on ICT Infrastructure and Data Security had been produced by Internal Audit and a report on its conclusions would be brought to a future Audit Committee.
27. **Resolved:** that the Committee notes the approach to handling planning risks for the Authority

## **CORPORATE RISK REGISTER**

28. The Committee considered a report introduced by the Director of Corporate Services (Report AC 28/11) presenting the revised Corporate Risk Register as at September 2011.
29. The Committee's attention was drawn to the 2 new risks highlighted in paragraph 4.5 of the report. Comment was made that the impact of Risk 49 (Peer Review) might be underestimated in the light of outcomes of peer reviews of other national park authorities.
30. **Resolved:** that the Committee.
  1. approves the Corporate Risk Register as at September 2011
  2. agrees to refer new corporate risks with significant resource implications to the Resources and Performance Committee

## **BUDGET MONITORING REPORT QUARTER 1 2011/12**

31. The Committee considered a report introduced by the Chief Finance Officer (Report AC 29/11) informing the Committee of the budget position for 2011/12 as reported to the Resources and Performance Committee on 8 September 2011.
32. During discussion on overspendings and underspendings in budgets, the Director of Corporate Services explained that a process had been established for monthly monitoring and forecasting by budget holders which was reviewed by the Strategic Management Team (SMT).
33. **Resolved:** that the Committee notes the Budget Monitoring Quarter 1 Report for 2011/12

## **ITEMS FOR NEXT COMMITTEE MEETING**

34. The following items would be considered for the Audit Committee meeting to be held on 18 January 2012 at 10.30am:
  - Action Plan for the Annual Governance Statement
  - use of Agency/Interim staff (based on a report to the next Resources and Performance Committee meeting)
  - Internal Audit Plan progress report
  - Annual Audit Letter

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**EXCLUSION OF PUBLIC AND PRESS**

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

**PART 11 MINUTES**

36. The Part II minutes of the Audit Committee held on 20 June 2011 were approved and signed as a correct record by the Chair.

**INTERNAL AUDIT REVIEW PAYMENTS PROCESS**

37. The Committee considered a confidential report from the Chief Executive Officer (Report AC 30/11).

**CHAIR**

The meeting closed at 12:55