SOUTH DOWNS NATIONAL PARK AUTHORITY **Agenda Item 3**

STANDARDS AND AUDIT COMMITTEE MEETING 25 JUNE 2013
Held at Cowdray Hall Midhurst at 2pm

Present:

David Burden	Janet Coles	Norman Dingemans (Chair)
Jim Funnell	Jim Sheppard	Lewis Doyle (Ind Member)
Ken Hunt (Ind Member)	Margaret Paren (ex officio Member)	

Officers: Trevor Beattie (Chief Executive Officer), Anne Rehill (Performance and Business Planning Manager), Catherine Vaughan (Chief Finance Officer), Louise Read (Deputy Monitoring Officer), Mark Dallen (Internal Audit Manager), Simon Mathers (Ernst & Young) and Fiona MacLeod (Member Services Manager).

OPENING REMARKS

1. The Chief Executive Officer welcomed Jim Sheppard to the Committee.

ELECTION OF CHAIR

2. Norman Dingemans was elected as Chair of the Standards and Audit Committee for the ensuing year and presided over the rest of the meeting.

ELECTION OF DEPUTY CHAIR

3. Sue Saville had confirmed her willingness to stand for Deputy Chair and was elected as Deputy Chair for the ensuing year

APOLOGIES

4. Apologies were received from Sue Saville.

DECLARATIONS OF INTEREST

5. None.

MINUTES

6. The minutes of the Standards and Audit Committee meeting held on 5 March 2013 were agreed as a correct record.

URGENT MATTERS

7. None

PUBLIC PARTICIPATION

8. There were no members of the public present.

CORPORATE RISK REGISTER

9. Report SAC 06/13 presenting the revised corporate risk register as at May 2013 was introduced by the Performance and Business Planning Manager.

10. In relation to Risk 046, the Chief Executive Officer clarified that the majority of the relaxations in the recent changes to planning legislation on permitted development would have little impact on the South Downs National Park Authority (the Authority)

11. Members and officers made the following comments
    - The improvement in corporate risk management was welcomed;
    - Major Projects and each Directorate managed and reviewed their individual risk registers and Strategic Management Team (SMT) agreement would be sought to escalate to the corporate risk register;

- Risks would be linked to the National Park Management Plan objectives and a risk 'owner' identified;
- Consideration would be given to downgrading the status of Risk 058 (South Downs Centre (SDC) refurbishment) as construction work was underway;
- An additional column 'last updated' would be added to the corporate risk register for extra clarity

12. Following discussion, Risk 055 (failure to match workloads and resources across the organisation), Risk 056 (SDC refurbishment), and Risk 064 (potential shift and/or reduction in resources for 2014/15 as a result of the next Comprehensive Spending Review) would be referred to the Resources and Performance Committee in September 2013.

13. **Resolved**: that the Committee
    1) Approves the Corporate Risk Register as at May 2013; and
    2) Refers Risk 055 (failure to match workloads and resources across the organisation), Risk 056 (SDC refurbishment), and Risk 064 (potential shift and/or reduction in resources for 2014/15 as a result of the next Comprehensive Spending Review) to the September 2013 Resources and Performance Committee.

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2012/13

14. Report SAC 07/13 presenting the Internal Audit and Opinion Annual report for 2012/13 Plan was introduced by the Internal Audit Manager.

15. Officers clarified the following points:
    - There were no high priority recommendations outstanding;
    - Other national park authorities 'assurance' levels will be reviewed;
    - Benchmarking of audit options against those reported for other national park authorities would be considered for later this year;
    - The Authority should aim to achieve 'full' assurance as it matures as an organisation.

16. **Resolved:** that the Committee:
    1) Notes the content of the Internal Audit Annual Report and Opinion 2012-13, and specifically the Audit Opinion for 2012/13, and Internal Audit coverage and issues emerging

PUBLIC SECTOR INTERNAL AUDIT STANDARDS

17. Report SAC 08/13 informing the Committee of the new Public Sector Internal Audit Standards (PSIAS) which were fundamental to the service delivery of Internal Audit was introduced by the Internal Audit Manager.

18. A revised Terms of Reference for the Internal Audit Charter and an evaluation against the new Standards would be brought to a future meeting of the Committee.

19. The Committee's attention was drawn to paragraph 3.3 of Report SAC 08/13 relating to the use of the term 'the Board' of an organisation. The Internal Audit Manager explained that clarification would be sought regarding this definition as he felt it should relate to the Standards and Audit Committee rather than the full Authority.

20. Informal briefing sessions between the Internal Audit Manager and the Independent members of the Committee prior to a Committee meeting would be considered.

21. **Resolved:** that the Committee:
    1) Notes the key changes associated with the Public sector Internal Audit standards effective from 1 April 2013; and
    2) Notes further actions to meet the requirements of these standards.

ANNUAL GOVERNANCE STATEMENT AND UPDATED LOCAL CODE OF CORPORATE GOVERNANCE

22. Report SAC 09/13 seeking approval of the Annual Governance Statement (AGS) for 2012/13 to accompany the Authority's Statement of Accounts, and noting the updated local Code of Corporate Governance was introduced by the Deputy Monitoring Officer.

23. Members and officers made the following comments:
- An update on the Improvement Action Plan would be would be reported at the September 2013 Committee meeting;
- Section 3.10 to be amended to reflect Resources and Performance Committee, not Standards and Audit Committee;
- The last five bullet points in Section 5.2 of the AGS would be deleted as they were considered too vague;
- The remaining bullet points in Section 5.2 should be shown in order of priority;
- Some typographical errors needed correcting and a sentence inserted to the effect that no significant governance issues had been identified.

24. **Resolved:** that, subject to amendments to the Annual Governance Statement 2012/13, the Committee:

1) Approves the Annual Governance Statement for 2012/13 to accompany the Authority's Statement of Accounts; and

2) Notes the updated Local Code of Corporate Governance.

UN-AUDITED STATEMENT OF ACCOUNTS 2012/13

25. Report SAC 10/13 presenting the un-audited Statement of Accounts 2012/13 for noting prior to approval at the September Committee meeting, and providing information on the Authority's pension fund.

26. The Chief Finance Officer explained that the Statement of Accounts had been brought to the Committee at this stage so that they would be familiar with its contents prior to approval. It also allowed the opportunity for any points of clarification to be addressed. As an example, all items in excess of £8.5k would be reported.

27. The area of most complexity was Development Management, and in particular the Idox system, which was still reliant on manual processes.

28. Members and officers made the following comments:
- The Statement of Accounts would be signed by the Chair of Standards and Audit Committee and the Chief Finance Officer following approval by the Committee each September;
- Clarification would be sought on the wording for delegated arrangements within the Statement of Responsibilities and Certification by Chair sections of the financial statements;
- More explanation would be provided regarding the revised budget section of the Statement to show the extent of any changes. If these were substantial, the changes would be reported to the Resources and Performance Committee and/or full Authority;
- Ongoing and smoothed contributions to the Pension Fund were recommended rather than one-off contributions;
- As the guidance on the General Fund Balance had been removed by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Recommended General Fund Balance figure had been based on the judgement of the Chief Finance Officer;

29. **Resolved :** that the Committee:

1) Notes the draft Statement of Accounts for 2012/13 as shown in Appendix 2 to report SAC 10/13 and that these are subject to Audit.

2012/13 AUDIT PLAN

30. Report SAC 11/13 presenting the 2012/13 Audit Plan setting out how the external auditors, Ernst & Young, intend to carry out their responsibilities and work plan, was introduced by the External Audit Manager.

31. Members and officers made the following comments:
    - The audit responsibilities remained unchanged, however due to the efficiencies made in the way work would be carried out, fees had reduced;
    - The fee had been set for a period of 5 years, and if additional fees were charged by Ernst & Young, the Authority could make a robust challenge;
    - Change control would be put in place for any changes proposed by Ernst & Young or the Authority

32. **Resolved :** that, following discussion, the Committee:

    1) Notes the 2012/13 Audit Plan and the proposed audit approach, progress to date, and scope.

PROVISIONAL OUTTURN 2012/13

33. Report SAC 12/13 advising the Committee of the 2012/13 provisional outturn position for both capital and revenue budgets was introduced by the Chief Finance Officer, who reminded the Committee of the link to and discussion on the Un-Audited Statement of Accounts report earlier on the Agenda.

34. The Chief Executive Officer explained that although it was reasonable for such a young organisation to have higher carry forward amounts, it was fully expected that this level of carry forward would reduce in future years.

35. The Chief Finance Officer reported that all the carried forwards had been allocated and a judgement needed to be made to recognise that budgets did not always fit into a current financial year.

36. A progress report on supplies and services would be brought to a future Committee meeting.

37. **Resolved :** that, following discussion, the Committee:

    1) Notes the provisional outturn position for both revenue and capital budgets for the financial year 2012/13.

Chair

The meeting closed at 12.05 pm