

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

At a meeting of the Audit Panel held on
Thursday, 14 September 2006

PRESENT: Councillor MP Howell – Chairman

Councillors: RE Barrett RF Bryant
R Hall DC McCraith
RT Summerfield

Officers: Greg Harlock Chief Executive
Steve Hampson Executive Director

External: M Jani Internal Audit
J Golding External Audit

Councillors SM Edwards and NIC Wright were in attendance, by invitation.

1. APOLOGIES

Apologies were received from Councillors SGM Kindersley and Mrs HM Smith from the Panel and from Councillors Dr DR Bard, Mrs DP Roberts and Mrs DSK Spink.

2. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 30 June 2006 were accepted as a correct record subject to the removal of the following words from the first sentence of the first paragraph of minute 11:

- “that this constituted a personal interest in discussions involving internal audit but that”

Minesh Jani promised to respond to the following questions raised in the minutes:

- Why 5 audit days had been allocated for Outside Bodies for 2008/09.
- To ascertain whether the Audit Needs Assessment carried out in March 2001 had been updated.
- Whether the “littered land” described in paragraph 34 of the report referred to fly tipping or detritus which would be expected on rural roads.

John Golding reported that the issue of altering dates of the quarterly payments of the audit fee to three months later than currently scheduled would be discussed shortly with the Chief Executive.

Tendering Process (Internal Audit)

The Chief Executive explained that the Resources, Staffing, Information and Customer Services portfolio holder had approved a request to alter the evaluation model to give more significance to quality instead of price.

3. INTERNAL AUDIT: QUARTERLY REPORT APRIL TO JUNE 2006

Minesh Jani introduced this report on internal audit’s quarterly assurance report for the first quarter, April to June 2006. He explained that 9 out of the 12 planned audits had been carried out, leaving more capacity for audits in the remaining three quarters.

Income Management System

Minesh Jani reported that out of the four reports, three had received substantial assurances, whilst the report on the Income Management System had received a limited assurance. The security regarding passport control was of particular concern as it permitted single digit passwords. The Chief Executive reminded the Panel that the Council had completely upgraded all its financial systems in two and half years. He expressed his dissatisfaction with the software provider, who had designed a system which allowed passwords of inappropriate length or degree of complexity.

Performance Indicators

Minesh Jani explained that 23% of the operational plan has been completed in the first quarter and he was confident that the annual target of 100% would be achieved.

Percentage of FTE staff fully CCAB or IIA qualified

Minesh Jani agreed to ascertain how many of the 60% of FTE staff who were either CCAB or IIA qualified were CCAB qualified. He added that the target of 35% had been met. It was understood that the newer IIA qualification was a recognised standard for auditors, but the internal audit contract only specified the CCAB qualification. The Chief Executive stated that the new contract would refer to the IIA qualification, although the minimum specification of 35% was likely to be increased.

4. ACCOUNTS AND AUDIT REGULATIONS 2006

The Chief Executive presented this report on the implication of the Accounts and Audit regulations and explained that the regulations were in the main concerned with improving corporate governance issues. He highlighted one specific addition which now provided for what action should be taken in the unlikely event that the accounts were not approved by the required date. Previously there had been no regulations in place addressing this situation.

It was noted that the Council already complied with the new regulations regarding the review of the Council's system of internal control.

The Panel noted the report.

5. EXTERNAL AUDIT: AUDIT OF ACCOUNTS 2005/06: COMMUNICATION OF AUDIT MATTERS WITH THOSE CHARGED WITH GOVERNANCE

John Golding introduced this report on RSM Robson Rhodes' audit of accounts for 2005/06. He explained that this was the first year of reporting under the international standard of auditing. He concluded that the external auditors anticipated providing an unqualified opinion on the Council's accounts, subject to the satisfactory completion of the outstanding audit work. The outstanding work included:

- Completion of audit work on the code criteria relating to securing strategic and operational objectives, performance management and consultation
- Completion of their review of the arrangements in place to secure adequate data quality
- A post balance sheet events review to update their findings in respect of the use of resources judgements and BVPP audit work completed in May 2006 and December respectively.

John Golding did not envisage any significant problems being uncovered by the outstanding audit work.

Management Representation Letter

John Golding explained that he expected the Council's Chief Executive to confirm in the above letter that there were no material risks and exposures at September 2006.

John Golding complimented the Council's officers on the standard of information provided to the auditors during the compiling of this report.

Corporate Governance Inspection (CGI)

The Chief Executive stated that the Panel were responsible for the Council's corporate governance but in external audit and other assessments there had been given no advance indication that a CGI inspection was likely. In light of this he asked Mr Golding why the external auditor's report before the Panel that day, made no reference to the inspection and gave no indication of why the CGI inspection was taking place. John Golding replied that he did not know what criteria was used by the Audit Commission to determine whether to send a Corporate Governance Inspection to a Council. He could only reiterate the positive conclusions of external audit's report.

The Panel expressed its disappointment at the absence of the Relationship Manager who may have been able to explain why the Audit Commission deemed a CGI inspection to be appropriate. John Golding explained that after examining the agenda the decision had been made not to invite the Relationship Manager to attend this meeting.

The Chairman concluded that the Panel were unhappy at the decision taken to launch a CGI inspection at a time when, as external audit's report confirmed, the Council was responding well to the challenge created by capping. The inspection meant that officers had less time to deliver essential services.

6. KEY ACTIONS FOLLOWING THE RECEIPT OF THE MAJORS' AND CPA AUDIT REPORTS

In the absence of the Head of Planning Services, who was in another meeting, the Executive Director presented this report on the findings of two audits of the Council's planning process.

The Executive Director highlighted the five key actions listed in appendix 6, with timescales.

Capacity

The Executive Director was happy to report that the vacant posts in the planning section had been recruited to. Earlier vacancies had been filled via promotions, which kept skilled staff at the Council but obviously created vacancies elsewhere. The Executive Director explained that he was liaising with the Head of Planning Services as part of the transformation project to ensure that the strategic work that had been carried out by the Development Services Director was properly covered.

Improve user focus

The Executive Director explained that work was being carried out to ensure that user needs were met.

Direct resources at priorities and need

It was understood that the Planning and Economic Development portfolio holder, the Head of Planning Services, the Executive Director and the Chief Executive would be meeting to examine where the Council's resources could best be directed.

Systematic value for money approach

The Executive Director explained that the Council dealt with more applications than districts of a similar size, which made comparisons with other authorities difficult.

Committee/councillor capacity

Councillor NIC Wright, Chairman of Planning, stated that performance had improved especially in the processes of major applications. He added that the size of the Committee had been reduced and was likely to continue to do so following the introduction of mandatory training. However, he added that the Committee's size and depth were two of its strengths.

Councillor Wright stated that the aim of the Council was to sustain its recent achievements. He highlighted the fact that the Council had an 80% success rate on appeals, which was well above the national average.

Councillor Wright stated that in line with the auditor's recommendations, there had been an increase in the number of decisions taken under delegated powers, allowing the Committee to focus on major applications.

In response to questioning the Executive Director suspected that the blank space in the spreadsheet under the first two key actions for four months in 2007 was an aberration. The **Executive Director** agreed to confirm this.

Planning Authority Service (PSA)

The Executive Director explained that the PSA were part of the Department for Communities and Local Government (formerly ODPM) and they advised local authorities on how they can improve their planning service with the resources available.

The Panel expressed surprise at the differing conclusions of the two reports. The Executive Director informed the Panel that the portfolio holder shared this concern.

The Meeting ended at 4.15 p.m.
