

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

At a meeting of the Audit Panel held on  
Wednesday, 14 July 2004

### **PRESENT:**

Councillors: MP Howell  
RF Bryant  
NN Cathcart  
Mrs GJ Smith

Councillors SGM Kindersley, RT Summerfield and Mrs DSK Spink MBE were in attendance, by invitation.

Apologies for absence were received from Councillor DH Morgan.

### **1. ELECTION OF CHAIRMAN**

Councillor RF Bryant proposed and Councillor Mrs GJ Smith seconded Councillor MP Howell for Chairman of Audit Panel. There being no other nominations, Councillor MP Howell was elected as Chairman of the Panel.

Councillor Howell proposed and Councillor Bryant seconded Councillor Mrs GJ Smith as Vice-Chairman of the Audit Panel. There being no other nominations, Councillor Mrs GJ Smith was elected as Vice-Chairman of the Panel.

### **2. DECLARATION OF INTERESTS**

Councillor RT Summerfield declared a personal interest as a former partner of Touche Ross, a predecessor firm of Deloittes.

### **3. MINUTES**

The minutes of the meeting held on 17<sup>th</sup> December 2003 were agreed as a correct record.

#### **Matters Arising**

##### Reservations and Amendments

It was understood that John Golding had provided more details to members regarding two reservations to the Performance Management.

##### Integrating Risk Management within Service Planning and Delivery

The Finance and Resources Director informed the Panel that a two-day intensive training programme had been carried out last January.

##### Human Resources Strategy

This would be discussed by Cabinet on Tuesday 20<sup>th</sup> July 2004.

### **4. STRATEGIC AUDIT PLAN 2004-07**

Daniel Hellary from Internal Audit presented this report in the absence of Minesh Jani. Daniel reported that projects with a higher risk assessments tended to be inspected

annually by internal audit, medium risk assessments were inspected bi-annually and low risk assessments once every three years. He explained that Corporate Governance had been postponed last year and this explained why inspection was annual even though it was designated a medium risk.

It was noted that the inspection quarters were: April to June, July to September, October to December and January to March.

The Finance and Resources Director explained that in order to ensure IT systems were properly audited, he had traded fifty "normal" audit days in exchange for twenty five additional inspection days on Information Risk Management. There would be no additional cost to the Council from this arrangement.

#### **Wheeled Bins and Green Boxes**

The Finance and Resources Director had devoted some of the allocation for ad hoc exercises to the examination of wheeled bins and green boxes due to concerns expressed by staff that the Council had not received the agreed order of recycling boxes. For a similar reason ten inspection days had been allocated to the security and stock of wheeled bins.

#### **Capital Expenditure**

The Finance and Resources Director explained that the Council's unusual non HRA capital expenditure programme which included promotion dual use facilities, instead of actually building and running its own centres.

#### **VAT**

The Finance and Resources Director stated that due to "teething" problems with the new IT system the VAT returns had not been completed on time.

### **5. ANNUAL AUDIT PLAN 2004-05**

The Panel noted the plan.

### **6. HEAD OF AUDIT OPINION**

The Finance and Resources Director informed the Panel that internal audit were contracted to produce these reports within ten days of the end of the quarter and to date had a 50% success rate. The Chairman expressed his disappointment in the lateness of this report and stated that in future the panel would refuse to discuss these reports if they were not available at least three clear working days before the meeting.

#### **Systems Receiving Substantial Assurance**

The Finance and Resources Director paid tribute to his staff for their time and effort in implementing the new financial system. He expected that the percentage of systems receiving substantial assurance would substantially increase from the 2003/04 figure of 47% now that the new system had been successfully introduced.

#### **Managing Risk**

It was noted that the Council had now implemented a strategic risk register. Daniel Hellary explained that corporate governance had increased in significance due to the failure of high profile companies like Enron.

### **7. INTERIM AUDIT OF ACCOUNTS 2003-04**

John Golding introduced this report. He emphasised the difference between internal

audit who are employed by the Council and external audit who are employed by the Audit Commission, and act to provide independent assurance as to the use of public monies.

### **Financial Control**

On behalf of external audit John Golding acknowledged that the relatively small size of the Council's accounting function led to some unavoidable control weaknesses. However, adequate internal controls were in place in relation to the prevention and detection of fraud and corruption.

### **Pensions**

The Finance and Resources Director reported that due to the condition of the stock market the Council had a shortfall in the pension fund. Advice from the Administrators of the Pension Fund was that District Councils should provide for a 1.5% increase in the employers' contribution rate, for each of the next three years. A 1% increase in the contribution would be the equivalent of approximately £100,000; £500,000 over the next three years. It was noted that this was a national problem and the ODPM had suggested that the employees contribution be increased from 6% to 8%.

### **Grants Co-ordination**

John Golding explained that a more co-ordinated approach to grant claims could allow the Council to be more successful when bidding for extra funds from external organisations.

### **Budget Reports to Cabinet**

John Golding stated that not all budget holders were appraised on their budgetary performance. It was noted that in satisfaction of an earlier external audit report, at three monthly intervals Cabinet are now provided with budgetary performance information by the Finance and Resources Director. Portfolio holders are provided with budgetary control information at regular intervals, as agreed. In response to questioning the Finance and Resources Director explained that the Finance Management System gave an up to date position of the Council's budgets.

### **Reconciliations**

The Finance and Resources Director explained that reconciliations of bank and control accounts were now carried out every month.

### **Budget Holder Training**

The Finance and Resources Director stated that he encouraged all budget holders to go on appropriate training, the only exceptions would be those with discretionary budgets that were so small it would make training economically unviable.

## **8. AUDIT AND INSPECTION PLAN 2004-2005**

John Golding explained that for future years the external auditors will be presenting their audit plan at the start of each financial year due to a change in the Audit Commission's requirements. The improvement and assessment element of the plan would be brought to the Panel following the Improvement planning process to be undertaken after publication of the Council's CPA report.

**John Golding AGREED** to ascertain the fee for improvement and assessment for 2003/04 and send the information to the Senior Democratic Services Officer who would then distribute to the rest of the Panel.

**9. MATTERS OF TOPICAL INTEREST**

None.

**10. DATE OF NEXT MEETING**

The next meeting of the Audit Panel would be convened once there was sufficient business to be considered.

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**The Meeting ended at 4.00 p.m.**

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