

## MENDIP DISTRICT COUNCIL

Minutes of the meeting of the Audit Committee held on Wednesday, 22 March 2023 commencing at 6.30 pm.

### **PRESENT:**

Councillors Rob Ayres (Chair), Michael Gay (Deputy Chair), Francis Hayden

**Apologies:** John Greenhalgh deceased  
Jon Cousins (substituted for by Francis Hayden)

### **ALSO PRESENT:**

Co-Opted Member: Philip Gait

### **OFFICERS PRESENT:**

Richard Bates	Section 151 Officer
Helen Bowen	Democratic Services Officer
Matthew Cook (Online)	Chief Accountant
Duncan Moss (Online)	Deputy Section 151 Officer
Debbie Widdows	Democratic Services Officer

### **OTHERS PRESENT:**

Kevin Suter (Online)	Director, Audit and Assurance Ernst & Young LLP
Alistair Woodland (Online)	South West Audit Partnership (SWAP)

<b>Agenda Item</b>	<b>Subject</b>	<b>Actioned By</b>
<b>1</b>	<p><b>Chair's Announcements</b></p> <p>The Chair began by welcoming participants to the meeting.</p> <p>He reminded people that phones should be switched to silent and he gave the evacuation procedures in the event of an emergency.</p> <p>The Chair gave a minute's silence for the passing of Councillor John Greenhalgh.</p> <p>Councillor Michael Gay gave a tribute to the late Councillor John Greenhalgh. He said that it was important to remember him as a man who understood duty and public service. He had a natural authority and a no-nonsense style. Softened by his natural kindness and wit.</p> <p>The Chair thanked all the hardworking staff at Mendip District Council (MDC) and for them caring</p>	

	<p>for the Council, the people and community and listening to them.</p> <p>He then went on to thank:</p> <ul style="list-style-type: none"> <li>• Councillor Philip Gait for being a member of the audit committee for 16 years, and the Section 151 Officer for being a steady hand in offering advice, explaining things in good detail and understanding.</li> <li>• Julie Jackson who had worked hard on the risks.</li> </ul> <p>Councillor Michael Gay also thanked Councillor Rob Ayres for chairing the audit committee and to the committee member past and present who had kept this going.</p> <p>The Chair thanked Councillor Gay for being studious in his work.</p> <p>The Section 151 Officer thanked the committee for a genuine commitment and interest.</p>	
<b>2</b>	<p><b>Apologies for Absence</b></p> <p>Cllr Jon Cousins (Substituted for by Francis Hayden)</p>	
<b>3</b>	<p><b>Declarations of Interest</b></p> <p>None</p>	
<b>4</b>	<p><b>Public Participation</b></p> <p>a) For items on the agenda</p> <p>None</p> <p>b) For items not on the agenda</p> <p>None</p>	
<b>5</b>	<p><b>Previous Minutes</b></p> <p>The minutes of the Audit Committee meeting held on 9 November 2022 were considered.</p> <p>The following comments on minutes were made:</p> <ul style="list-style-type: none"> <li>•The Section 151 Officer agreed that the Councillors would be kept up to date on situation</li> </ul>	

	<p>with Saxonvale. In the meantime the update was as follows:</p> <ul style="list-style-type: none"> <li>• They were reminded that on Friday, 31 March, there would be a verbal hearing in relation to the Judicial Review from Mayday. This would be a preamble meeting where the preamble of the potential case will be explored and subsequently it would be decided if this would go before court. Things had not moved significantly since the last meeting.</li> <li>• CBRE (the Real Estate Company) were asked to do an options appraisal and this was supposed to have already be obtained and will have to be chased</li> </ul> <p>Councillor Philip Gait asked when the accounts will be ready and was advised that it was highly unlikely that they will be signed off by the end of Mendip District Council. The new audit committee of the new somerset council would sign them off.</p> <p>Councillor Michael Gay asked how record management would be management in the new Unitary Council across all the districts and was advised that some work still needed to be done but it looked positive and there was no further information at this stage to share.</p> <p>Councillor Michael Gay proposed the approval of the minutes. This was seconded by Councillor Philip gait and carried unanimously.</p> <p><b>RESOLVED</b></p> <p>The minutes of the meeting of the Audit Committee held on 9 November 2022 were approved.</p>	
6	<p><b>External Audit – Audit Progress Update Report February 2023</b></p> <p>The Associate Partner, Ernst &amp; Young LLP (The Associate Partner) presented the Audit Progress Report, February 2023 which set out the work that has been completed since the 9 November 2022.</p> <p>The Associate Partner, Ernst &amp; Young indicated that the audit had not yet been completed due to staff changes and resignations which held up the completion of the audit in time for the end of Mendip District Council but the audit remains in process. He</p>	Kevin Suter

	<p>indicated that it was progressing well and there were no significant findings.</p> <p>The Associate Partner confirmed that the scope of the audit had not changed, and the risks which were presented in November also remained unchanged.</p> <p>He further confirmed that the audit will be signed off by the new Unitary Council.</p> <p>There was some concern about staff turnover and whether this would cause further delays in the completion of the audit but the Members were assured that the plan was to resolve the staffing issues in April but if not they have to move on to the NHS audit urgently and they would try to fill in the gaps on the Mendip audit should they arise. The Section 151 Officer reminded everyone that there was a statutory deadline to have the audit ready by end May and signed off. However, if this was not possible, then a draft set of accounts needed to be presented.</p> <p>Some delays were also caused by the IT cutover and access to information.</p> <p>It was confirmed that the minutes of this meeting would be signed off by the new Council and</p> <p>Councillor Gay thanked The Associate Partner, Ernst &amp; Young for all his hard work</p> <p>It was queried where previous minutes would be made available for viewing and whether the recording of this meeting would be available for the new council to view. It was to be recorded in the minutes that the Chair of the new audit committee be made aware that he could access the previous minutes at the Mendip District Council Offices.</p> <p><b>RESOLVED:</b></p> <p>That the Audit Progress Report for February 2023 be noted.</p>	
7	<p><b>Internal Audit Activity Report</b></p> <p>The Assistant Director of SWAP requested that Agenda Item 7 be brought before agenda item 8 for ease of flow as agenda item 8 brought everyone up to date with the current plan and activities from the previous update in November and agenda item 7</p>	<p><b>Alistair Woodland</b></p>

merely gave a reflection on the year of where the annual opinion was.

For purposes of these minutes the two reports have been swapped around but the numbering has remained the same in order to remain consistent.

SWAP presented his report which set out a list of all audits as agreed in the Annual Audit Plan 2022/23 and the work they were undertaking to support Local Government Review (LGR).

It was discussed that the change over to the Unitary was a perfect opportunity for fraud to take place and a keen eye needed to be kept on that to avoid it happening during the cutover.

He further discussed the LGR (Local Government Review) support and assurance work undertaken throughout the year. The LGR Program Risk Management review arrangements were confirmed to be concluded in November and the controls were found to be effective. Though there was some room for improvement which would continue to be monitored throughout quarter 4 as the LGR was progressing.

The Assistant Director of SWAP Internal Audit mentioned that creditors were given limited assurance.

One of the reasons was the high percentage of non-PO's (purchase orders), a number of which were not included on the exception document and the orders were not raised. This would be applicable in the new Authority as they were very keen to have all purchase orders are raised for expenditure to make sure that the expenditure is committed to the accounts and nothing is missed.

The Section 151 Officer confirmed that the Mendip team have been doing a lot of work in clearing out that all the old POs and this has been tidied up. The old POs have been removed and a clean system is being handed over to somerset.

Another point was to ensure that details on procurement cards were not shared, specifically confirming vendor changes to bank details. However, this should be remedied post vesting day (1 April) once the cutover as the new system is rolled out.

	<p>The Section 151 Officer confirmed that the procurement card holders have been contacted to remind them of the rules and the correct people at Mendip are getting monthly sign offs from the purchase card holders. There is the assurance that the correct person is signing off at the end of the day.</p> <p>It was confirmed that in the new council there will be a new financial system in place and it will not be possible to order anything without a purchase order.</p> <p><b>RESOLVED:</b></p> <p>That the Report of Internal Audit Activity 2022-23 be noted.</p>	
8	<p><b>Internal Audit Annual Opinion Report</b></p> <p>SWAP had provided a written report which set out an independent and objective opinion on the Authority's control environment by evaluating its effectiveness.</p> <p>The Assistant Director of SWAP explained that they needed to provide an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes. They need to comply with the International Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.</p> <p>Based on the above SWAP need to be externally assessed every 5 years. They were last externally assessed in February 2020 and found to be confirming to the standards. The next assessment is next year, however, SWAP endeavours to do annual self-assessments in order to ensure compliance.</p> <p>The Assistant Director of SWAP reported that There was generally a sound system of governance, risk management and control in place.</p> <p>He pointed out that there were some issues, non-compliance or scope for improvement identified which may have put at risk the achievement of objectives.</p>	Alistair Woodland

He further reported that there was a medium risk rated weaknesses identified in individual audit engagements.

Further, there was an isolated high risk related weaknesses identified for isolated issues.

There was no critical risk rated weaknesses identified.

The Assistant Director of SWAP Internal Audit reported that they are broadly satisfied with management's approach to resolving identified issues.

The Assistant Director of SWAP Internal Audit further highlighted some changes to the audit plan. It was discussed that Somerset County Council agreed an action plan to make sure that their work was joined up with all the districts. SWAP had undertaken some work for Somerset County Council on climate change that picked up some actions that the districts were also responsible for in terms of achieving net zero carbon emissions. That report will be going through the audit committee process at Somerset Council.

The CIFAS (fraud prevention company) onboarding has been removed as this will now be done by the new Authority.

He went on to say that The Glastonbury Town Fund had also been removed as this would not be completed in time for the 22/23 Annual Opinion report. He affirmed that Further reviews in this area would be considered and prioritised as part of the Rolling Audit Plan for the new Authority in 2022-23.

The Assistant Director of SWAP Internal Audit explained that the IAA (Institute of Internal Auditors) have a good framework on how audit can be involved in climate change. The Council did have a measurable and meaningful strategy which was underpinned by an action plan in place to deliver this strategy. The new audit committee would look at delivering this action plan.

It was discussed that the change over to the Unitary was a perfect opportunity for fraud to take place and a keen eye needed to be kept on that to avoid it happening during the cutover.

	<p>The Assistant Director of SWAP Internal Audit was thanked for his hard work.</p> <p><b>RESOLVED:</b></p> <p>That the Internal Audit Annual Opinion 2022-23 be noted.</p>	
9	<p><b>Draft Annual Governance Statement 2022/2023</b></p> <p>This report reviewed the treasury performance for the year ended 31 March 2023 and is a draft.</p> <p>As part of the impact of Local Government Review (LGR) the Cabinet proposed a reduction in the areas of focus over the final two years of the council, recognising that in this the final year particularly there would be a rising need to redeploy staff to set up the new organisation.</p> <p>Officers were aware of and know how to engage with and support the Scrutiny Board Committee and working groups.</p> <p>It was discussed that, as this Annual Governance Statement is a draft and a work in progress, it was important that a factual document be produced.</p> <p>The Section 151 Officer affirmed that the new audit committee in Somerset would sign off a new governance review and it was further confirmed that Duncan Moss, Deputy Section 151 Officer, would still be leading the work in the new council and be involved in signing this off.</p> <p>It was requested that the Members be given a copy of the final version of the Governance Statement and it was confirmed that they may comment on it once it was made publicly available on the website when the next audit meeting would take place.</p> <p><b>RESOLVED:</b></p> <p>That the Draft Annual Governance Statement 2022/23 report would not be signed off at this meeting and the above comments must be noted in the minutes.</p>	Duncan Moss
10	<p><b>Urgent Business</b></p> <p>There was none.</p>	



11	<p><b>Exclusion of the Press and Public</b></p> <p>The Audit Committee is asked to consider whether a resolution should be passed to exclude the press and public from the meeting during items 12 to 13 on the grounds that exempt information (as defined in Schedule 12A of the Local Government Act 1972 as amended) of the following description is likely to be disclosed:</p> <p>Category 3: Information relating to the financial or business affairs of any particular person (including those of the Council).</p> <p>Councillor Michael Gay proposed going offline. This was seconded by Councillor Francis Hayden and carried unanimously.</p> <p><b>The public were asked to leave the room.</b></p>	
----	---	--

The meeting finished at approximately 19:55 pm