

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 25 June 2015.**

(10.00 - 11.20 am)

Present:

Members: Councillor Derek Yeomans (Chairman)

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| Jason Baker | Graham Middleton |
| Mike Best | David Norris |
| Val Keitch | Colin Winder |
| Tony Lock | Mike Beech |

Officers

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| Anne Herridge | Democratic Services Officer |
| Donna Parham | Assistant Director (Finance & Corporate Services) |
| Amanda Card | Finance Manager |
| Karen Gubbins | Principal Accountant (Exchequer) |
| Vicki Dawson | Principal Environmental Protection Officer |

Also Present:

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| Jo George | Assistant Director SWAP |
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1. Minutes (Agenda Item 1)

Prior to the start of the meeting the Chairman welcomed all new Audit Committee members and he explained that this was a non-political committee where only audits and accounts were discussed.

The minutes of the meeting held on 23rd April 2015, copies of which had been circulated, were taken as read, and having been approved as a correct record were signed by the Chairman.

2. Apologies for absence (Agenda Item 2)

Cllr Cathy Bakewell sent her apologies.

3. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

4. Public question time (Agenda Item 4)

There were no members of the public present at the meeting.

5. Date of the next Audit Committee Meeting (Agenda Item 5)

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 23rd July 2015.

6. Update on Streetscene Enforcement Action plan (Agenda Item 6)

The Principal Environmental Protection Officer (PEPO) explained that the Streetscene Enforcement Service at Lufton had been audited last year at the same time as the service had been placed under the responsibility of the Environmental Health Service who had taken the action plan forward and had now been given a partial assurance.

In response to queries the PEPO replied that:

- She would contact Cllr Winder directly once she had investigated the issue of the fly tip that had been left in Wincanton and had resulted in a business owner paying to have it removed. Cllr Winder was concerned as apparently it had been difficult to contact a relevant officer to help with the situation;
- (Although in partnership with other Somerset Authorities each individual Environmental Health Manager would contribute to their individual Enforcement Policy and fine tune it to specific areas which would then be presented to Council before adoption by members) A Somerset wide Enforcement Policy has been produced by the Regulatory Managers Group for adoption by each authority. A further policy will now be produced to add detail regarding specific Streetscene offences as required by audit.
- The Policy should set out principles in general but it was necessary that it was clear and transparent for the public;
- She would ensure that there was clear information on our website and if necessary signposting to the Gov.uk web site in order to direct the public to information regarding penalties etc that could be incurred by the illegal disposal of rubbish etc;
- She would welcome suggestions from Councillors regarding ideas on how to measure the effectiveness of Streetscene enforcement;
- All legal costs had been recovered from a recent successful fly tip enforcement case;
- Any enforcement action required evidence which was often difficult to obtain in cases such as dog fouling;
- All complaints were currently logged on the Environmental Group Service System which was an old system, it was hoped that sometime in the future complaints would be recorded on the FLARE system which was more versatile with good reporting functions;
- Although not all interviews were recorded, as some take place on door steps etc, these are PACE compliant and there were no cases where this had caused any prosecution to fail;
- It was hoped that the Policy would be discussed with the Portfolio Holder followed by presentation to the Audit Committee and District Executive by October 2015.

Members were content to agree to the recommendation.

The Chairman thanked the officer for her time and stressed that the apparent gap between enforcement and Streetscene offences needed to be made a priority.

RESOLVED:

That the Audit Committee notes the progress achieved in the Streetscene Enforcement Action plan.

7. Internal Audit Charter Annual Review (Agenda Item 7)

The Assistant Director SWAP addressed the committee and explained the purpose of the annual report as detailed in the agenda.

In response to a question from Cllr Winder the Assistant Director SWAP explained that SWAP was a Local Authority controlled company as detailed in full in the Internal Audit Charter. They would be notified by the external auditors, who inspect them, if there were any areas of concern.

Members were content to approve the Internal Audit Charter.

RESOLVED:

That the Audit Committee approves the Internal Audit Charter.

8. Internal Audit Annual Report and Opinion (Agenda Item 8)

The Assistant Director SWAP provided members with an update on the position of the Internal Audit Plan.

With regard to draft performance reports, the majority of targets had improved well, however the deadline for final reports had changed to 12 days rather than the 10, which was often caused by the delay in officers making their final comments due to other work commitments.

The Assistant Director SWAP took on board the comment regarding the typo on page 20 of the report in the first column, where the words '*of Planning*' had been missed out.

Members were content to note the content of the Internal Audit Annual Report and Opinion.

RESOLVED:

That Audit Committee members noted the content of the Internal Audit Annual Report and Opinion.

9. Review of Internal Audit (Agenda Item 9)

The Assistant Director (Finance & Corporate Services) informed the Audit Committee of the recent review of the effectiveness of the delivery of Internal Audit through SWAP (South West Audit Partnership) during 2014-15. Their opinion on the adequacy and effectiveness of the Council's internal control framework forms a part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2014-15, which will be published as part of the Council's Statement of Accounts in September 2015.

In the opinion of the Assistant Director – Finance and Corporate Services and the Corporate Governance Group the system of internal audit had been found to be effective.

The Quality Assurance and Improvement Programme (QAIP) was reviewed periodically by the Management Team and by the Board at its meetings. The plan was kept under review and reports presented to the Board on a regular basis. That provided assurance that the issues identified as part of the last review and any new improvements were being effectively managed through to completion.

With reference to the 'Client Questionnaire returns' it was acknowledged that where the implementation date had been put back several times it did not mean that improvements were not already being made, but as the Assistant Director SWAP explained, it was often due to the delay in feeding back to the Directors.

RESOLVED:

That the Audit Committee notes the findings of the review.

10. 2014/15 Annual Governance Statement (Agenda Item 10)

The Assistant Director (Finance & Corporate Services) explained that as a local authority SSDC was required to demonstrate compliance with the underlying principles of good governance and that a framework exists to demonstrate this. One of the Councils requirements in demonstrating this was to produce an Annual Governance Statement.

The officer confirmed that the Risk Management Strategy still had to be refreshed and would be made shorter and easy to read, it was hoped that a report would be on the agenda for the Audit Committee meeting to be held within the next few months..

On being put to the vote the recommendation was carried unanimously in favour.

RESOLVED:

That Audit Committee members approve the 2014/15 Annual Governance Statement.

Voting: Unanimous in favour)

11. Treasury Management Performance outturn 14-15 (Agenda Item 11)

The Principal Accountant – Exchequer explained that the treasury management activity and performance was reviewed against the Prudential Indicators for the 2014/15 financial year as prescribed by the CIPFA (Chartered Institute of Public Finance and Accountancy) and in accordance with the Council's Treasury Strategy and Annual Investment Policy and Treasury Management Practices.

The Council's treasury management activity was underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to annually produce Prudential Indicators and a Treasury Management Strategy Statement on the probable financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. The scrutiny of treasury management policy, strategy and activity is delegated to the Audit Committee.

The Principal Accountant – Exchequer explained that there was a surplus over budgeted income of £247,000, which had been moved to a Treasury Management reserve to help support the Treasury Management income budget in the future in case the property fund did not perform as budgeted. The outturn position was affected by both the amount of cash available to invest and the interest base rate set by the Bank of England. Balances were affected by the timing of capital expenditure and the collection of council tax and business rates.

On referring to the graph within the report the officer felt that SSDC were in a very good position regarding investments.

As previously agreed the Principal Accountant – Exchequer gave Audit Committee members a short information session on Prudential Indicators, she explained that they were key to demonstrating compliance with ‘the Prudential Code’. The Local Government Act 2003 had allowed local authorities to determine their own borrowing limits provided they were affordable and that every local authority complied with the code. The various indicators inform authorities whether their capital investment plans are affordable, prudent and sustainable. She explained the reasoning behind each of the Prudential Indicators 2014/15 which were included within the agenda report. In conclusion she commented that SSDC had operated within all of the Prudential Indicators during 2014/15.

The chairman thanked the Finance Team for the work they carried out.

Members voted unanimously in favour of approving the recommendations below.

RESOLVED:

1. That the Audit Committee:
 - Noted the Treasury Management Activity for the 2014/15 financial year;
 - Noted the position of the individual prudential indicators for the 2014/15 financial year;
 - Noted the outlook for the investment performance in 2015/16
 - Recommends the 2014/15 Treasury Management Activity Report to full Council

(Voting: unanimous in favour)

12. Audit Committee Forward Plan (Agenda Item 12)

Members were content to note the forward plan and were advised that a short training session on the Statement of Accounts would be included in the next Audit Committee meeting.

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Chairman