

## South Somerset District Council

**Draft Minutes** of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 24 November 2016.**

(10.00 am - 11.40 am)

### **Present:**

**Members:** Councillor Derek Yeomans (Chairman)

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

### **Officers**

Donna Parham	Assistant Director (Finance & Corporate Services)
Karen Gubbins	Principal Accountant (Exchequer)
Angela Cox	Democratic Services Manager
Elizabeth Cave	Director, Grant Thornton UK LLP
Moya Moore	Assistant Director, South West Audit Partnership
David Johnson	Audit Manager, Grant Thornton UK LLP
Lynda Creek	Fraud and Data Manager
Garry Green	Engineering & Property Services Manager
Zac Tredger	Fraud and Data Intern

### **Also Present**

Elizabeth Cave	Director, Grant Thornton UK LLP
Moya Moore	Assistant Director, South West Audit Partnership
David Johnson	Audit Manager, Grant Thornton UK LLP

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### **32. Minutes (Agenda Item 1)**

The minutes of the meeting held on 29 September 2016, copies of which had been circulated, were taken as read, and having been approved as a correct record were signed by the Chairman.

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### **33. Apologies for absence (Agenda Item 2)**

Apologies for absence were received from Councillors Jason Baker and Carol Goodall.

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### **34. Declarations of Interest (Agenda Item 3)**

There were no declarations of interest made.

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### 35. Public question time (Agenda Item 4)

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

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### 36. Date of next meeting (Agenda Item 5)

During discussion of the Forward Plan item, it was agreed that as there was only one item of non-urgent business due to be considered at the next meeting, the meeting due to be held on the 15 December would be cancelled. The next meeting of the Audit Committee would therefore now be 26 January 2017 at 10.00am.

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### 37. Annual Audit Letter (Agenda Item 6)

The Director, Grant Thornton, reported that the council's accounts had been well prepared in a timely manner, and, the SSDC finance team had contributed to the Grant Thornton seminar on the fast closure of accounts. There had been some challenges for council tax collection but the arrangements were now strengthening. She outlined the objection to the accounts which meant they were unable to certify that they had completed their audit and noted that there was now a fixed period of 28 days in which people could make objections.

The Audit Manager, Grant Thornton, advised that a number of issues had been identified in the Housing Benefit Grant Certification calculations and extrapolation of figures which required some re-testing of the data which would involve a further cost to the Council.

The Director, Grant Thornton, also noted that their contract was coming to an end and that SSDC would need to appoint or re-appoint new auditors. The Assistant Director (Finance and Corporate Services) advised that she was meeting with other Section 151 officers from across Somerset the following week and would bring a report on this to a future meeting of the Committee.

At the conclusion of the debate, the Director, Grant Thornton, reminded Members that they would be holding a free seminar of 6<sup>th</sup> December in Taunton on building a joint venture company. The Assistant Director (Finance and Corporate Services) agreed to circulate the invitation to all Members.

**RESOLVED:** That the Audit Committee noted the contents of the Annual Audit Letter.

**Reason:** To introduce the Annual Audit Letter for the 2015/16 financial year.

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### 38. SWAP Internal Audit - Quarter 2 2016/17 Update (Agenda Item 7)

The Assistant Director, SWAP, noted the work in progress on several audits across the Council. She advised that an IT Skills audit had yet to commence and asked Members if they would confirm whether it should remain in the plan. Members confirmed that it should remain in the Audit Plan as it was vital that IT staff were properly skilled during Transformation.

The Assistant Director, SWAP, also noted that a Culture audit was also stalled and the Assistant Director (Finance and Corporate Services) advised that senior managers wanted to take a different route for a culture review. She had asked what other audit could replace it as the allotted audit days would be lost otherwise. It was noted that a Healthy Organisation audit could replace this.

The Assistant Director, SWAP, also advised that they had shared information on cyber security together with an assurance map to the Section 151 officers within the SWAP partnership and there was also an assurance map for Audit Committees which would be sent to all Audit Committee members.

During discussion, the Assistant Director (Finance and Corporate Services) advised that in the absence of the Procurement and Risk Manager she had been speaking to other local authorities to ask if they could assist with the ICT procurement for the Transformation project. It was noted that the Fraud and Data Manager was giving some assistance in this area as well. Members asked that where possible, future situations where one officer held all the knowledge of a service be mitigated by training of other officers to provide cover. It was also requested that the Audit Committee regularly monitor the risk of the Transformation and Westlands projects as the two highest profile risks to the authority. The Assistant Director (Finance and Corporate Services) agreed to present updates on these two risks and any mitigation strategies on a quarterly basis.

The Assistant Director, SWAP, advised that there was a level of uncertainty in the new Council management structure as to where the post of Section 151 officer was positioned within the structure and where it reported to. She recommended that the Audit Committee Chairman clarify this with the Chief Executive as members were given assurances when the structure was approved at full Council. The Chairman of the Audit Committee agreed to meet with the Chief Executive directly to confirm this.

**RESOLVED:** That Audit Committee noted the progress of the Internal Audit Plan for quarter 2 of 2016/17.

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### 39. **Property Services Update on Audit Action Report: Security and Repairs 2015/16 (Agenda Item 8)**

The Engineering and Property Services Manager advised this was a follow up report following a partial assurance given following a SWAP review of the controls and procedures in place for the security and maintenance of SSDC properties. He said there had been some mitigating circumstances during the audit due to long-term sickness and also the impact of the work involved in the Westland project, however, a follow-up audit report now concluded all the actions had been met with the exception of one which was in progress for completion.

There was no debate and Members were content to note the report.

**RESOLVED:** That the Audit Committee agreed:

1. to note the details of the initial SWAP Agreed Action Plan.
2. to note the details of the follow up audit report and that all recommendations have been actioned and approved by audit, with

one category 3 item still in progress

**Reason:** To update Members on the progress and the implementation of the recommendations and agreed actions arising from the SWAP review of the controls and procedures in place for the security and maintenance of SSDC properties.

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#### **40. Proposed Freedom of Information Requests Policy (Agenda Item 9)**

The Fraud and Data Manager introduced the Fraud and Data Intern who had reviewed and refreshed the Freedom of Information Requests Policy in accordance with the latest legislation and regulations. The policy covered the Environmental Information Regulations 2005 (EIR) and the Reuse of Public Sector Information Regulations 2015 (RPSI) requests as well as those relating to Freedom of Information (FOI) and allowed the efficient use of technology. Complex enquiries would be answered by the Information Team comprising the Monitoring Officer, the Fraud and Data Manager and the Legal Services Manager. Guidance would be issued to each service, particularly those who received a high number of such requests.

During discussion, Members felt it was important that the Policy be reviewed every two years to ensure it continued to comply with the latest legislation, and, that it be presented to Full Council for approval, so all Members were aware of it.

**RESOLVED:** That Audit Committee recommend approval of the Freedom of Information Requests Policy by District Executive and Council.

**Reason:** To inform members of a proposed policy for the management of FOI, EIR and RPSI requests.

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#### **41. Treasury Management Performance to September 2016 (Agenda Item 10)**

The Principal Accountant – Exchequer advised that at the present time, the investment income for the year was estimated to be £68,590 above the predicted outcome figure. She also confirmed there was no change in the Minimum Revenue Position with the previous year and some investments were kept in short term investments to help with cash flow.

The Assistant Director (Finance and Corporate Services) advised that as the Council had an Income Generation target then it may move to a more commercial level of operation and so she had invited Arlingclose, the Council's financial consultants, to speak to Audit Committee members in January 2017 on making the best use of its funds to achieve this.

There was no further debate and Members were content to confirm the recommendations for endorsement by Full Council.

**RESOLVED:** That the Audit Committee agreed:

1. to note the Note the Treasury Management Activity for the six-month period ended 30<sup>th</sup> September 2016.
2. to note the position of the individual prudential indicators for the six-month period ended 30<sup>th</sup> September 2016.

3. to carry out the Mid-year review of the Treasury Management Strategy and recommend it to Council.

**Reason:** To review the treasury management activity and the performance against the Prudential Indicators for the six months ended 30th September 2016.

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#### **42. Audit Committee Forward Plan (Agenda Item 11)**

It was agreed that as there was only one item of non-urgent business (Debt write-off report) due to be considered at the next meeting, then this would be deferred to the January meeting of the Committee and the meeting due to be held on the 15 December would be cancelled.

It was also noted that Grant Thornton would be presenting a Grant Claim Certification Report in January 2017 and the Council's treasury management advisers, Arlingclose, would be attending to provide training on borrowing for income generating schemes.

It was further agreed that the Audit Committee meeting in July 2017 would be set for Thursday 27<sup>th</sup> July 2017 at 10.00am.

Councillor Mike Beech asked if the Audit Committee should look at the financial implications of the Income Generation Board as the risks involved in some of the proposed schemes was high. However, the Assistant Director (Finance and Corporate Services) confirmed that the Board had no constitutional ability to spend money and any income generating schemes taken forward would be accompanied by robust business plans.

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Chairman