

South Somerset District Council

Minutes of a meeting of the Audit Committee held at the Main Committee Room - Council Offices on Thursday 25 October 2018.

(10am – 10.50am)

Present:

Members: Councillor Derek Yeomans (Chairman)

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| Mike Best | Graham Middleton |
| Nigel Gage | Jo Roundell Greene |
| Carol Goodall | Colin Winder (from 10.20am) |
| Tony Lock | |

Officers

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| Netta Meadows | Director (Strategy & Support Services) |
| Paul Matravers | Specialist - Finance |
| Brendan Downes | Specialist (Procurement) |
| Jan Gamon | Lead Specialist (Strategic Planning) |
| Kelly Wheeler | Case Officer (Support Services) |

Also Present:

Alastair Woodland Assistant Director, SWAP

23. Minutes (Agenda Item 1)

At the start of the meeting, the Chairman welcomed new members of the Committee.

He also pointed out an error in the agenda, which detailed that meetings were held every month and pointed out that meetings were now generally held bi-monthly.

The minutes of the previous meeting held on Thursday 19 July 2018, copies of which had been circulated, were agreed as a correct record and signed by the Chairman.

24. Apologies for absence (Agenda Item 2)

Apologies of absence were received from Councillors Jason Baker and David Norris.

25. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

26. Public question time (Agenda Item 4)

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

27. Date of next meeting (Agenda Item 5)

Members noted that the next meeting of the Audit Committee was scheduled for 10am on 22nd November 2018 in the Main Committee Room, Brympton Way, Yeovil.

28. Internal Audit Annual Activity Report 2018/19 (Agenda Item 6)

The Assistant Director, South West Audit Partnership, presented his report to members.

He explained that the report covered the progress to date as well as highlighting any changes made to the plan. He informed members that the report would usually include any significant findings, however no significant findings had been found and advised that the report was a short one.

He drew members attention to page 10 of the agenda which detailed some changes to the plan. He explained that the reason for some of these changes were due to the organisational changes at SSDC.

He advised members that an overview of the Audit Plan to date could be found on page 13 of the agenda. He advised that the Commercial Strategy and the Income Generation review had been started and that the initial evaluation was positive. He informed members that he was aware of the CIPFA guidelines on what Commercial Investments should be used for.

In response to questions from members, he suggested that concerns over Brexit should be raised at the next Risk Management Group meeting.

RESOLVED: that members noted the report and the progress made in the delivery of the 2018/19 internal audit plan and that no significant findings had been identified since the previous update in June 2018.

29. Treasury Management Practices (Agenda Item 7)

The Finance Specialist presented his report to members.

He advised that this was an annual update report, which detailed amendments to the Treasury Management Practices for South Somerset District Council. He explained that the changes to the practices reflected either the transformation organisational changes, such as changes to job titles, or were required due to the updated Code of Practice.

He explained that the changes were clearly highlighted within the report, explaining a number of the changes in detail.

He drew members' attention to the new TMP 13 which related to non-treasury investments. He advised that an updated capital strategy would be produced in February and would be brought to Audit Committee.

In response to questions, he clarified some points of detail.

RESOLVED: that members noted that the TMP's have been reviewed and updated to reflect both organisational changes and the requirements of updated Codes of Practice, in particular the new TMP 13 concerning Non-Treasury Investments and approved the Treasury Management Practices included in the agenda report.

(Voting: unanimous)

30. Treasury Management Strategy Statement and Investment Strategy 2018/19 – Mid-year review (Agenda Item 8)

The Finance Specialist presented his report to members. He explained that the mid-year review covered the treasury management performance for the first 6 months of the financial year.

He drew member's attention to the regulatory updates which were detailed on page 55 of the agenda, explaining that the changes to the Treasury Management Practices had been incorporated into the previous report.

He also advised members that the MHCLG had updated its Statutory guidance on the Minimum Revenue Provision; the changes were detailed on page 71, appendix 1C.

He responded to members' questions and confirmed that the team were continually speaking to the treasury management advisors for advice around borrowing.

He pointed out the economic background details within the statement on page 57 and 58. He also pointed out figures on page 69, advising that the third column of the chart provided the current position of investments as well as projections on the fourth and fifth column.

RESOLVED: that members noted the actual and forecast treasury performance and endorsed the updated Treasury Management Strategy for recommendation to Full Council.

(Voting: unanimous)

31. Risk Management Strategy Update (Agenda Item 9)

The Procurement Specialist provided members with a presentation which detailed the Risk Management work plan. He also explained to members that his presentation would include different options for graphic visualisation of risk.

He agreed to provide regular reports to the Audit Committee to cover the current corporate risk register.

He explained to members that the objectives of the work plan was to;

- ensure that the risk management approach supported the SSDC organisational objectives, such as the commercial strategy and project delivery aspect.
- ensure that there was a consistent and transparent approach to risk
- develop a proactive and engaged risk approach and culture for officers

- ensure that the risk register would be easier to understand and to deliver.
- improve the visualisation and communication of risk

He explained that there was a risk contingency budget, allowed for in our current insurance arrangements, which were being used to provide external consultant support to SSDC to help prepare and run workshops to officers and to develop Risk Champions. He explained that the Risk Champions would communicate and escalate concerns appropriately.

He explained the area of focus and the activities, which were planned. This included a review of existing risks and to ensure that there was a consistent thread running through all risks across SSDC. He also hoped to develop a clearer picture of which risks were strategic, corporate and operational to ensure that reviews were taking place at the correct level.

In response to a member's question, the Director - Strategy and Support Services, explained that the aim is to have one consistent approach in how we display risk, be that within committee reports, on project risk logs, or our risk registers.

The Procurement Specialist provided some examples of ways to visually display risk and explained that it was his aim to ensure that risk visualisations were transparent and easy to understand. It was noted that there were many options to display and present risk.

One member explained that risk could be hard to understand and hoped that the new way of presenting risk would be clear and easy to read.

RESOLVED: that members noted the presentation.

32. **Audit Committee Forward Plan (Agenda Item 10)**

Members noted the Audit Committee Forward Plan and it was agreed that there would be a Risk Register update report on the December agenda.

RESOLVED: members noted the Audit Committee Forward Plan.

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Chairman