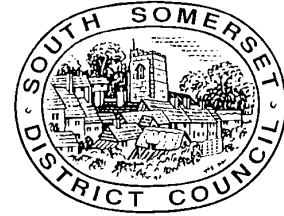


South Somerset District Council

Notice of Meeting



Audit Committee

Making a difference where it counts

Thursday 22nd November 2018

10.00 am

**Main Committee Room, Council Offices,
Brympton Way, Yeovil BA20 2HT**

(disabled access and a hearing loop are available at this meeting venue)



The following members are requested to attend the meeting:

Chairman: Derek Yeomans
Vice-chairman: Tony Lock

Jason Baker
Mike Best
Nigel Gage

Carol Goodall
Graham Middleton
David Norris

Jo Roundell Greene
Colin Winder

If you would like any further information on the items to be discussed, please contact the Case Services Officer (Support Services) on 01935 462596 or democracy@southsomerset.gov.uk

This Agenda was issued on Wednesday 14 November 2018.

Alex Parmley, Chief Executive Officer

This information is also available on our website
www.southsomerset.gov.uk and via the mod.gov app



INVESTORS IN PEOPLE

Information for the Public

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Audit Committee should review the Code of Corporate Governance seeking assurance where appropriate from the Executive or referring matters to management on the scrutiny function.

The terms of reference of the Audit Committee are:

Internal Audit Activity

1. To approve the Internal Audit Charter and annual Internal Audit Plan;
2. To receive quarterly summaries of Internal Audit reports and seek assurance from management that action has been taken;
3. To receive an annual summary report and opinion, and consider the level of assurance it provides on the council's governance arrangements;
4. To monitor the action plans for Internal Audit reports assessed as "partial" or "no assurance;"
5. To consider specific internal audit reports as requested by the Head of Internal Audit, and monitor the implementation of agreed management actions;
6. To receive an annual report to review the effectiveness of internal audit to ensure compliance with statutory requirements and the level of assurance it provides on the council's governance arrangements;

External Audit Activity

7. To consider and note the annual external Audit Plan and Fees;
8. To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken;

Regulatory Framework

9. To consider the effectiveness of SSDC's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action is being taken;
10. To review the Annual Governance Statement (AGS) and monitor associated action plans;
11. To review the Local Code of Corporate Governance and ensure it reflects best governance practice. This will include regular reviews of part of the Council's Constitution and an overview of risk management;
12. To receive reports from management on the promotion of good corporate governance;

Financial Management and Accounts

13. To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised;

14. To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices. The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council;
15. To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules;

Overall Governance

16. The Audit Committee can request of the Section 151 Officer, the Monitoring Officer, or the Chief Executive (Head of Paid Services) a report (including an independent review) on any matter covered within these Terms of Reference;
17. The Audit Committee will request action through District Executive if any issue remains unresolved;
18. The Audit Committee will report to each full Council a summary of its activities.

Meetings of the Audit Committee are usually held bi-monthly including at least one meeting with the Council's external auditor, although in practice the external auditor attends more frequently.

Agendas and minutes of this committee are published on the Council's website at www.southsomerset.gov.uk

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

Members questions on reports prior to the Meeting

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

Recording and photography at council meetings

Recording of council meetings is permitted, however anyone wishing to do so should let the Chairperson of the meeting know prior to the start of the meeting. The recording should be overt and clearly visible to anyone at the meeting, but non-disruptive. If someone is recording the meeting, the Chairman will make an announcement at the beginning of the meeting. If anyone making public representation does not wish to be recorded they must let the Chairperson know.

The full 'Policy on Audio/Visual Recording and Photography at Council Meetings' can be viewed online at:

<http://modgov.southsomerset.gov.uk/documents/s3327/Policy%20on%20the%20recording%20of%20council%20meetings.pdf>

Audit Committee

Thursday 22 November 2018

Agenda

Preliminary Items

1. Minutes

To approve as a correct record the minutes of the previous meeting held on Thursday 25th October.

2. Apologies for absence

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the agenda for this meeting.

4. Public question time

5. Date of next meeting

Councillors are requested to note that the next Audit Committee meeting is scheduled to be held at 10.00am on 24th January 2019 in the Main Committee Room, Brympton Way, Yeovil.

Items for Discussion

6. Annual Audit Letter (Pages 5 - 18)

7. Risk Management Update Report (Pages 19 - 28)

8. Audit Committee Forward Plan (Pages 29 - 30)

Agenda Item 6

External Audit - Annual Audit Letter

Director: Netta Meadows, Strategy & Support Services
Lead Officers: Paul Fitzgerald, S151 Officer
Paul Matravers, Specialist - Finance
Contact Details: Paul.fitzgerald@southsomerset.gov.uk or (01935) 462226
Paul.matravers@southsomerset.gov.uk or (01935) 462275

Purpose of the Report

1. To summarise the key findings from the external audit work carried out in respect of the 2017/18 financial year and detail the audit fees charged.

Recommendation

2. The Audit Committee are asked to note the report and the content of the Annual Audit Letter.

Introduction

3. The review of the Annual Audit Letter is included within the remit of the Audit Committee under its terms of reference as follows:
 - “To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken.”
 - “To review and approve the annual Statement of Accounts, external auditor’s opinion and reports to members and monitor management action in response to issues raised.”
4. The 2017/18 Annual Audit Letter attached to the report confirms:
 - An unqualified opinion in respect of the 2017/18 Statement of Accounts.
 - The Auditors were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during 2017/18 financial year.
 - The fees charged for 2017/18 for the statutory audit were £49,276.

Financial Implications

5. There are no financial implications in accepting this report and the associated recommendations.

Background Papers: *SSDC Audit Findings Report*

Annual Audit Letter

Year ending 31 March 2018

South Somerset District Council

28 August 2018

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Section

1. Executive Summary
2. Audit of the Accounts
3. Value for Money conclusion

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Appendices

- A Reports issued and fees
- B Recommendations

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at South Somerset District Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 12 July 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £1,530,000, which is 2% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 20 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 20 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of South Somerset District Council in accordance with the requirements of the Code of Audit Practice.

Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in July, delivering the accounts 11 days before the deadline, releasing your finance team for other work.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Support outside of the audit – The audit team with the support of the National Technical Team assisted you in reviewing and considering the appropriate accounting treatment in your statement of accounts

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's accounts to be £1,530,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration which was £20,000 as this balance is considered to be politically sensitive and of particular interest to readers of the accounts.

We set a lower threshold of £76,500, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts, the narrative report, annual governance statement and Summary of Accounts published alongside the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness evaluated the rationale for any changes in accounting policies or significant unusual transactions carried out a review of accounting estimates, judgements and decisions made by management reviewed any unusual significant transactions 	<p>Our audit work has not identified any issues in respect of management override of controls</p>
<p>Valuation of property, plant and equipment</p> <p>The Council revalues its land and buildings on a rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> reviewed management's processes and assumptions for the calculation of the estimate. reviewed the competence, expertise and objectivity of any management experts used. reviewed the instructions issued to valuation experts and the scope of their work review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding. tested of revaluations made during the year to ensure they were input correctly into the Council's asset register evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. 	<p>Our audit work has not identified any issues in respect of management override of controls</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>Our audit work has not identified any issues in respect of management override of controls</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 20 July 2018, in advance of the national deadline.

Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Audit Committee on 20 July 2018.

In addition to the key audit risks reported above, we identified the following adjustments throughout our audit that we have asked management to address:

- The Council have purchased an asset in Marlborough with a view to building and then selling a number of properties. Following discussions with management we concluded that the land and building were bought with the intention of development and therefore, in line with IAS 40, cannot be classed as investment property. The Council have amended the accounts to show these assets as inventory
- The Council have undertaken a detailed review of assets held with a view to identifying those assets that could be disposed and those that served the purpose of the Council, including a review of investment properties. The reclassification of assets as investment properties required management to consider whether those characteristics were present in prior periods. Following review it was considered that these characteristics were present and therefore a prior period adjustment was required. The Council have amended the accounts to show this adjustment.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of South Somerset District Council in accordance with the requirements of the Code of Audit Practice.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

Value for Money conclusion

Key Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Transformation Programme The Council is in the process of implementing an ambitious programme to redesign the organisation and methods of service delivery to deliver more customer focussed, lean, efficient services and release recurrent significant savings in future years.</p> <p>In order to deliver this transformation the Council will need to make an upfront investment of some £7.5m to cover the cost of restructuring, including an estimate of up to £4m of redundancy costs, as well as the cost of new IT infrastructures.</p> <p>The successful delivery of this programme represents a significant risk to the Council.</p>	<p>We have reviewed the project management arrangements in place at the Council to assess how it is addressing the risk and any mitigating actions it may need to take to deliver the planned outcomes.</p>	<p>2017-18 is the first full year of transformation which is seen as one of the key mechanisms, alongside commercialisation, by which the Council will deliver its savings requirements by 2020-21 in the face of ever reducing funding from Central Government.</p> <p>The key achievements and milestones in 2017-18 are:</p> <ul style="list-style-type: none"> • Review and implementation of Leadership and Management and Support Staff as part of phase 1 of the project • Commencement of phases 2 and 3 with an implementation date of January 2019 • Realised savings of £185,630 from phase 1 which is £60,800 above forecast <p>Savings, as a result of the transformation programme, have been appropriately considered as part of the 2018-19 budget setting process and are fully costed within the Medium Term Financial Plan.</p> <p>A review of financial service redesign by internal audit has not identified any issues and concluded that the steps taken to redesign financial services appear reasonable.</p> <p>There is regular reporting of progress and issues to District Executive and an annual report to Full Council which gives members a chance to scrutinise and challenge the programme and gain assurance over any issues raised.</p> <p>As a result of the work done we consider that the Transformation Programme is on course to deliver the forecast savings and that the governance structures in place continue to operate effectively.</p> <p>Conclusion:</p> <p>From our review of the transformation programme we have concluded that the risk is sufficiently mitigated that an unqualified opinion can be provided. We will continue to monitor the implementation of the transformation project and the associated savings and will also review governance and monitoring arrangements for income generation</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and confirm there were no fees for the provision of non audit services.

Reports issued

Report	Date issued
Audit Plan	22 February 2018
Audit Findings Report	12 July 2018
Annual Audit Letter	31 August 2018

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Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	49,276	49,276	49,276]
Housing Benefit Grant Certification	9,898	TBC	17,065
Total fees	59,172	49,276	66,341

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)




Action plan

We have identified 1 of recommendation for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2018/19 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>The Council have made a number of amendments to the statement of accounts as a result of an exercise to reclassify assets. This has resulted in a prior period adjustment for those assets which have been reclassified as investment properties and for one asset classified as an investment property that is now classified as inventory.</p> <p>There is a risk that the Council will misclassify assets leading to incorrect balance sheet disclosures.</p>	<p>The Council should ensure that changes in accounting treatment of assets are fully considered in line with accounting standards</p> <p>Management response</p> <ul style="list-style-type: none"> • Management will ensure the classification of investment property complies with relevant accounting standards

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Key

-  High – Significant issue or risk of material misstatement requiring immediate action
-  Medium – Impact on the control environment resulting in a deficiency or weakness or the risk of incorrect financial reporting
-  Low – Best practice



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Agenda Item 7

Risk Management Update

Director: Netta Meadows, Strategy and Commissioning.
Lead Officer: Brendan Downes, Specialist – Procurement.
brendan.downes@southsomerset.gov.uk

Purpose

Audit Committee has a role of ensuring that the Council has in place adequate and robust risk management processes and policies.

This report is provided to keep audit committee members aware of the current risk position of the council at the very highest risk level.

Recommendation

1. That the Committee note progress on the work plan as presented at the Audit Committee of 25 October 2018.
2. That the Committee note the current risk status recorded in TEN attached to this report

Progress on work plan.

Audit committee of 25 October approved a new work plan to review risk management to ensure a consistent and integrated approach across SSDC.

A fundamental change in the new approach will be to move away from the current practice of risk owners identifying and managing risks individually in TEN. We will look instead to develop a collaborative network of risk champions to support and offer guidance to risk owners. Their remit will be to provide standardisation and consistency in our identification and assessment of risk across SSDC, and provide recommendation to risk owners and the risk officer on appropriate action. This will also include recommendation on any escalation of risk.

It is important to note that risk champions are not intended to be risk owners: Their role will be to provide advice, support and guidance to risk owners through a collective review and group decision on the content of their service area risk registers. This will be delivered through ½ day review meetings for each service area facilitated by the risk officer. Frequency of reviews is still to be agreed but will be aligned to reporting for Audit committee and SLT meetings.

An initial assessment has been undertaken of how we might structure the network of risk champions in order to provide a suitable oversight and shared understanding of the operational and corporate risks. Nominations have been sought from the following areas:

Commercial & Income Generation: Property, Land and Development
Income / Opportunity Development
Environmental Services

Service Delivery:	Environmental Health
	Customer Focus
	Planning
Corporate Services:	Finance
	IT
	Project Management Office Projects

Nominations are to be confirmed by 16 November. Risk champions will then be invited to a series of training sessions/risk workshops to share good practice in risk identification and management and to start to work on new registers for each service area. The risk consultant from Zurich Insurance will support these sessions and provisional dates have been agreed to deliver these workshops (subject to availability of staff).

Current risk Status

At the Audit committee meeting of 25 October, it was requested that an update of the current corporate risk register TEN be provided. To facilitate this the owners of any critical risks were requested to provide an interim update on the current risk position.

Critical risks are those registering above the current risk appetite line as identified on the attached report “. The risk appetite is the level beyond which the potential for the risk occurring or its impact is significant enough to merit additional review or escalation.

It should be noted that due to ongoing transformation within the authority ownership of some critical risks has changed. New owners for these risks have now been identified and the risk log in TEN updated accordingly. (see attachment “Risk responses at 11.2018”) However due to staff availability the following critical risks have not been reviewed or updated at the time of report. These items will be followed up by risk officer with the owners at the earliest opportunity.

- R 342 - Local Enterprise Partnership
- R 298 - Financial security regulations for payments not met

The interim review indicates no changes in the inherent or residual risk scores for the critical risks. The current TEN “Risk Monitoring Dashboard” is attached to this report. A collective review of all open risks in the current TEN risk log will be conducted as part of the planned risk workshops.

Current Status Thursday, 8th November 2018

Inherent All Risk Heat Map











Impact	Catastrophic	1	1	2	3	1	Critical (Score 21 - 25)	25	1	
	Major	10	20	48	25	2		24	3	
	Moderate	4	16	50	16	4		23	2	
	Minor	0	9	10	2	1		22	1	
	Insignificant	1	1	0	0	0		21	2	
		Remote	Unlikely	Possible	Probable	Highly Probable		20	25	
						High (Score 16 - 20)		19	48	
								18	20	
							Medium (Score 11 - 15)		17	1
								16	4	
								15	16	
							Low Score (6 - 10)		14	50
								13	16	
								12	10	
								11	1	
								10	2	
							Very Low (Score 1 - 5)		9	10
								8	9	
								7	0	
								6	4	
								5	0	
								4	0	
								3	1	
								2	0	
								1	1	

Residual All Risk Heat Map

Impact	Catastrophic	0	0	1	0	0	Critical (Score 21 - 25)	25	0	
	Major	12	17	8	1	0		24	0	
	Moderate	17	45	47	5	0		23	1	
	Minor	9	30	20	1	0		22	0	
	Insignificant	3	1	1	0	0		21	0	
		Remote	Unlikely	Possible	Probable	Highly Probable		20	1	
						High (Score 16 - 20)		19	8	
								18	17	
							Medium (Score 11 - 15)		17	0
								16	0	
								15	5	
							Low Score (6 - 10)		14	47
								13	45	
								12	12	
								11	0	
								10	1	
							Very Low (Score 1 - 5)		9	20
								8	30	
								7	0	
								6	17	
								5	0	
								4	1	
								3	1	
								2	9	
								1	3	

Risk	Description	Service	Inherent Scoring		Controls Managing this Risk	Residual Scoring	
R 384 - Management of disused landfill site - Birchfield Park, Yeovil	<p>Birchfield park is a former landfill site where the following risks could occur without necessary precautions:</p> <p>a) Gas migration off site (Control C384.05). b) Gas Extraction plant failure (Control C384.02) c) Fenced and 'secure' site (Control C384.03) d) Pollution from leachate (Control C384.04)</p> <p>The following controls should prevent these major issues from occurring</p>	Engineering & Property Services	Critical		C 384.01 - Birchfield Park Contingency Plan reviewed & Management Strategy produced, C 384.02 - Gas Extraction System Maintenance, C 384.03 - Fenced and 'secure' site, C 384.04 - Leachate Control, C 384.05 - Gas & Leachate Monitoring, C 384.06 - Installation of new barrier behind properties in Romsey Road proposed, C 384.07 - Audit Review - Management of Birchfield Park Disused Landfill Site - December 2014	Critical	

Risk	Description	Service	Inherent Scoring		Controls Managing this Risk	Residual Scoring	
R 14 - Risk Management not adopted or slips from use	Risk Management must be seen as an aide to saving time and resources before managers will invest time and effort in applying and using risk management tools.	Corporate Services (Directorate)	High		C 014.1 - Risk Awareness training	High	
R 27 - Air Handling System - Brympton Way	Ventilation, heating and cooling at the Brympton Way Offices is supplied by mechanical air handling systems covering the main building, ground floor extension and Council Chamber. This relies on windows remaining closed to operate at full potential. The system was installed when the building was constructed in the late 1980's and is therefore now over 30 years old. Due to the orientation of the building and the layout changes carried out over the years the risk is that the system suffers a major breakdown or is unable to cope with demand for adequate ventilation, heating in winter and cooling in summer. The cost of providing a replacement/retrofit system is estimated to be up to £1.5million, representing a major expenditure with potential reputational damage at a time of budget constraints.	Engineering & Property Services	High		C R27.1 - Maintenance, C R27.2 - Experience, C R27.3 - Control System, C R27.4 - Knowledge, C R27.5 - Alternative Systems	High	
R 64 - Waste Contract Renewal	In order to deliver 'Recycle More' in the most efficient way, it may be prudent to bring forward contract renewal from 2021 to 2019. If the current contract is below market rates the new contract, when tendered, may be more expensive, and may incur additional pension costs.	Waste (SWP)	High		C 64.1 - Waste Contract Renewal, C 64.2 - Counsel Opinion, C 64.4 - Waste contract renewal, C C 64.3 - Assess Potential Service Providers	High	
R 220 - Inability to contact a Building Control Officer out of office hours for emergency call out	Internal Audit reviewed this risk as part of their inspection of Building Control Oct 2010 - see audit doc for recommendations.	Building Control	High		C 220.1 - Out of hours for emergency call	High	

R 298 - Financial security regulations for payments not met	PCIDSS (Payment card industry data security standard) controls for credit and debit card payments came into force in 2007. There is a risk that all other service areas that take credit and debit card payments could fall foul of the regulations. Finance, IT and audit team aware of issues. In particular recorded telephone calls will contain details of customers credit and debit card numbers and we need to be assured that Northgate do not store credit/debit card data in the 'back' of Front Office that could be accessed by hacker.	Finance	Critical		C 298.01 - Audit made aware of problem, C 298.02 - Northgate Account Manager asked to provide written assurance, C 298.03 - Annual signing off of compliance with PCIDSS Code by Manager, C 298.04 - Seek external verification of compliance with PCIDSS, C 298.05 - Card Payment Security Policy	High	
R 342 - Local Enterprise Partnership - Purpose and outcomes not achieved	Purpose: To promote economic development in the LEP area (Devon and Somerset)	Economic Development	High		C 342.01 - Partnership working through structure of LEP with rep from Somerset Councils, C 342.02 - Local Enterprise Partnership	High	
R 377 - Strategic - Homes England funding is not adequately managed	Failure to manage Homes England funding could lead to reduction in future and loss of opportunity	Strategic Housing	High		C 377.01 - Funding managed and monitored	High	
R 434 - Environmental factors affect the access to and from the depot and the ability for it to function	Environmental factors affect the access to and from the depot and the ability for it to function	Streetscene	High		C 434.01 - Agreement with Highways to grit access road in icy conditions, C 434.02 - Drainage system in place, C 434.03 - Good welfare facilities on site	High	
R 237 - Council not sufficiently prepared for major business continuity issues	The Council has a number of competing priorities for a limited resource in the Emergency Planning, Business Continuity and Health and Safety Service. BC issues include Pandemic Flu, Loss of Fuel, Loss of Offices, ICT failure as covered by a number of BC Plans and arrangements.	Civil Contingencies	Critical		C 237.01 - Completion of Business continuity plans and issue of specific guidance on Pandemic Flu	High	

TEN Risk Monitoring Dashboard

The totals below are based on open risks in the system.

Total Number of Risks:

Total
188

Total Number of Controls:

Total
423

Total number of Actions:

Total
216

Total Number of Corporate/Service Risks:

Strategic/ Corporate/ Service Risk	Total
Corporate	62
Service	258
Strategic	4

Spread of Risk Appetite:

Appetite	Total
Critical	1
High	26
Low	68
Medium	109
Very Low	14

Total Number of Risks due for Review:

Total
67

Total Number of Risks Due for Review per Service:

Service	Total
Transformation Programme	2
Corporate Services (Directorate)	1
Fraud & Data	1
Procurement & Risk	1
Revenues & Benefits	1
Finance	16
Communications	2
Operations & Customer Focus (Directorate)	3
Health and Wellbeing (AD)	1
Community Health & Leisure	1
Countryside	5
Engineering & Property Services	1
Building Control	4
Customer Focus	1
Development Control	8
Communities (AD)	2

Total Number of Risks by Service:

Service	Total
Transformation Programme	16
Corporate Services (Directorate)	2
Legal & Corporate Services (AD)	9
Democratic Services	1
Fraud & Data	1
Procurement & Risk	9
Revenues & Benefits	8
Finance	20
Communications	2
Operations & Customer Focus (Directorate)	4
Waste (SWP)	5
Health and Wellbeing (AD)	11
Housing & Welfare	2
Community Health & Leisure	2
Countryside	10
Streetscene	20
Licensing	2
Environmental Health	14
Engineering & Property Services	11
Civil Contingencies	7
Building Control	9
Customer Focus	1
Economy (AD)	1
Strategic Housing	2
Development Control	8
Economic Development	8
Spatial Policy	1
Communities (AD)	7
Area Development (North)	4
Area Development (South)	7
Area Development (West)	1
Third Sector & Partnerships	1

Risk Management Update

Audit Committee 22 November 2018

Risks Updates

R 384 - Management of disused landfill site - Birchfield Park, Yeovil – Ian Case

5/11/18	✓	Amended 384.01, 384.04 & 384.05
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The management of the site as a whole is under review with regard to what can be achieved as better use of the open space and the controls infrastructure. The report from consultants has been received and will be reviewed fully. Following this review a full report including proposals for the Management Strategy following the transformation changes. This will be via SLT in the first instance - March 2019.

R 237 - Council not sufficiently prepared for major business continuity issues – Toffer Beattie

5/3/18	✓	BC being considered as part of Transformation
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In line with transformation our Business Continuity Management System (BCMS) is undergoing a fundamental redesign. Business analysis to identify key BCM risks, critical services and business activities, and to establish recovery time objectives is close to completion. The overarching corporate plan will be in final draft for SLT approval in 3 – 4 weeks. Based on this service deliverers and business units will refine recovery plans. The fitness of the BCMS will however be dependent on a culture of continual review and refinement and regular exercising and rehearsal.

R 14 - Risk Management not adopted or slips from use – Brendan Downes

5/11/18	✓	Developing Workplan to review approach to Risk management
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R 27 - Air Handling System - Brympton Way – David Coombs

7/11/18	✓	The ongoing hold pending property review continues to increase the risk of plant failure given the age and obsolete nature of some of the plant. It is likely that some critical interim decisions have to be taken at short notice should plant fail.
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R 64 - Waste Contract Renewal - Chris Cooper

5/11/18	✓	selection process is currently underway and is progressing in a positive manner - we will continue to monitor and work with the SWP to select a new service provider
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R 220 - Inability to contact a Building Control Officer out of office hours – David Durrant

2/11/18	✓	The retirement of 2 senior BCO'S in Dec 2018 leaves only one BCO on the call out cascade. The risk of one officer being unavailable is significantly greater than when there were 3 and more on the list. A new approach required.
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R 434 - Environmental factors affect the access to and from the depot and the ability for it to function – Chris Cooper

6/10/18	✓	Further environmental improvements are being assessed and implemented
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R 377 - Strategic - Homes England funding is not adequately managed - Jo Calvert

31/3/18	✓	No change on status of funding arrangements. New risk owner assigned.
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Risks still requiring review

R 298 - Financial security regulations for payments not met - Karen Horley

1/10/18	X	
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R 342 - Local Enterprise Partnership - Purpose and outcomes not achieved – David Julian

1/10/18	X	
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Agenda Item 8

Audit Committee Forward Plan

Lead Officer: Kelly Wheeler, Case Services Officer
Contact Details: Kely.wheeler@southsomerset.gov.uk or 01935 462038

Purpose of the Report

This report informs Members of the agreed Audit Committee Forward Plan.

Recommendation

Members are asked to comment upon and note the proposed Audit Committee Forward Plan as attached.

Audit Committee Forward Plan

The forward plan sets out items and issues to be discussed over the coming few months and is reviewed annually.

Items marked in italics are not yet confirmed.

Background Papers: None

Audit Committee Forward Plan

Committee Date	Item	Responsible Officer
24 Jan 19	External Audit – Certification of Housing benefit Subsidy Claim Internal Audit Plan Progress Q3 Treasury Management Strategy Statement 19/20 – Needs to go on to Full Council Health and Safety Report	Finance Specialist (GT) Alastair Woodland (SWAP) Finance Specialist Shirley Courage
28 Mar 19	Internal Audit Plan 2019/20 - approve 2019/20 plan Internal Audit – Charter External Audit Plan for 2017/18 Accounts External Audit Progress Report 2017/18 Accounts Annual Fraud Programme Update	Alastair Woodland (SWAP) Alastair Woodland (SWAP) Finance Specialist (GT) Finance Specialist (GT) Legal Specialist