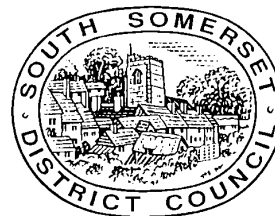


# South Somerset District Council

## Notice of Meeting



# Audit Committee

*Making a difference where it counts*

**Thursday 28th March 2019**

**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)



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The following members are requested to attend the meeting:

**Chairman:** Derek Yeomans

**Vice-chairman:** Tony Lock

Jason Baker  
Mike Best  
Nigel Gage

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 462038 or [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk)

This Agenda was issued on Wednesday 20 March 2019.

**Alex Parmley**, Chief Executive Officer



This information is also available on our website  
[www.southsomerset.gov.uk](http://www.southsomerset.gov.uk) and via the mod.gov app

## **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](http://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 28 March 2019**

## **Agenda**

### ***Preliminary Items***

**1. Minutes**

To approve as a correct record the minutes of the previous meeting held on Thursday 24<sup>th</sup> January 2019.

**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 27<sup>th</sup> June in Council Chamber A, Brympton Way, Yeovil.

### ***Items for Discussion***

**6. Internal Audit Plan and Charter 2019-20** (Pages 5 - 20)

**7. External Audit Plan for 2018/19** (Pages 21 - 34)

**8. External Audit Progress Report** (Pages 35 - 55)

**9. Health and Safety Update** (Pages 56 - 58)

**10. Civil Contingencies & Whistleblowing Update** (Pages 59 - 61)

**11. Audit Committee Forward Plan** (Pages 62 - 63)

# Agenda Item 6

## **Internal Audit Plan and Charter 2019-20**

*Head of Service:* Gerry Cox, Chief Executive - SWAP  
*Lead Officer:* Alastair Woodland - Assistant Director  
*Contact Details:* Alastair.Woodland@swapaudit.co.uk

### **Purpose of the Report**

This report introduces the Internal Audit Plan for 2019/20 and also incorporates the 'Internal Audit Charter' which sets out the operational relationship between SSDC and the South West Audit Partnership (SWAP).

The Assistant Director for SWAP, together with the Council's S151 Officer and in consultation with the Senior Leadership Team, has produced an Audit Plan for 2019/20 that requires the approval of the Audit Committee. This is a flexible plan that may be amended during the year to deal with shifts in priorities or new and emerging risks. Any changes to the plan will be reported to this Committee.

### **Recommendation**

1. That the Audit Committee approve the Internal Audit Plan for 2019-20 (Appendix 1)
2. The Audit Committee approve the Internal Audit Charter (Appendix 2)

### **Background**

It is a requirement that the Audit Committee approve the annual Internal Audit Plan and Audit Charter. Failure to gain independent assurance over the internal control arrangements of the Council's activities, using a risk-based methodology, impacts negatively (i.e. financial, reputational, operational) on the Council.

### **Financial Implications**

There are no financial implications associated with these recommendations.

**Background Papers:** None

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# South Somerset District Council

## Proposed 2019-20 Internal Audit Plan and Internal Audit Charter

Page 6

# The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2019/20 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.

## Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement (AGS).

It is the responsibility of the Authority's Senior Leadership Team and the Audit Committee, to confirm that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?



## The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

### Approach to Internal Audit Planning 2019/20

The factors considered in putting together the 2019/20 internal audit plan have been set out below:



Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to delivering your internal audit plan will remain flexible to meet that change and respond to new and emerging risks. We will adopt an 'agile' approach and each quarter I will review the next quarter's plan to ensure that we are auditing the right areas at the right time; any necessary changes will of course be agreed with Senior Management and the Audit Committee will be kept informed.



# The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Authority's Leadership Team, and the Audit Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.

## Internal Audit Annual Risk Assessment

Our 2019/20 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for South Somerset District Council:



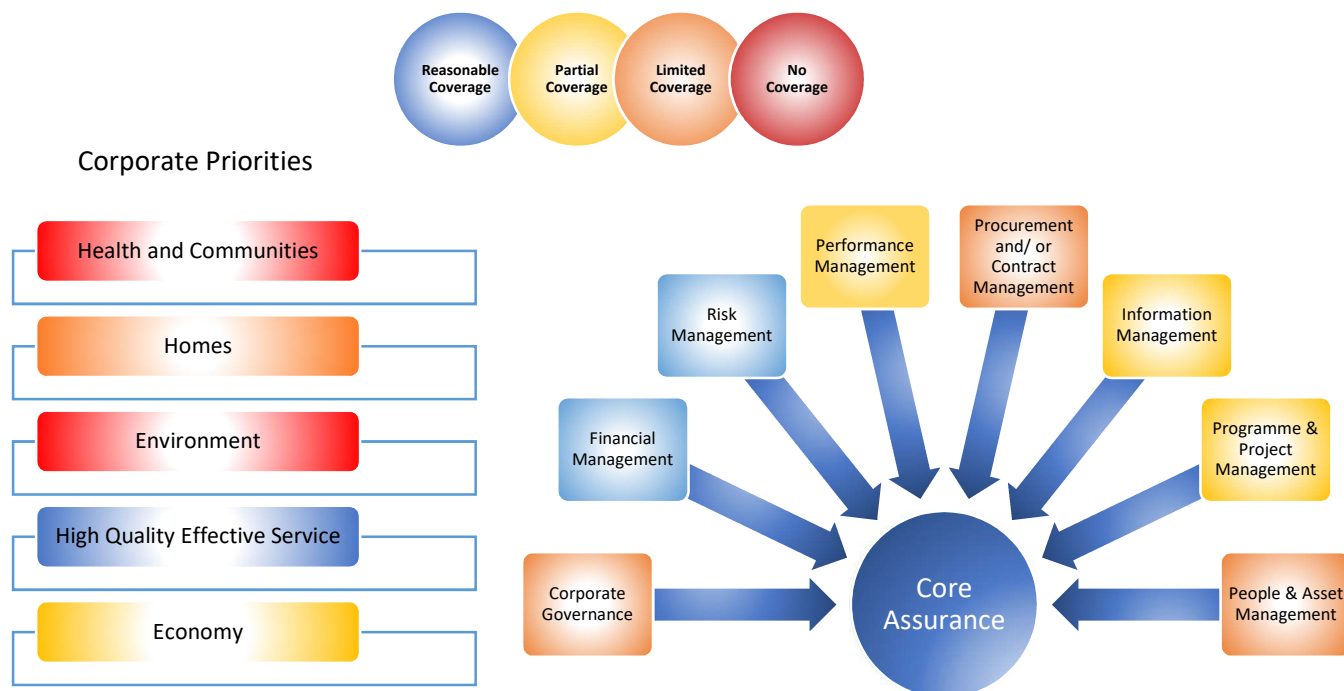
# The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment above, we have set out how the proposed 19/20 plan presented in Appendix 1 provides coverage of the Authority's key corporate outcomes, as well as our core areas of recommended coverage.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

## Internal Audit Coverage in 2019/20

Following our SWAP risk assessment, we have set out below the extent to which the proposed plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives, as well as our core areas of recommended coverage. Where we have highlighted limited or no coverage, Senior Management and Audit Committee should seek and document assurance from alternative sources, or consider re-focussing internal audit resource to provide coverage of these areas:



*Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.*

# The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 26 public sector partners, crossing eight Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

## Your Internal Audit Service

### Audit Resources

The 2019/20 internal audit programme of work will be equivalent to 354 days. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for South Somerset District Council are:

Alastair Woodland, Assistant Director – Alastair.woodland@SWAPaudit.co.uk, 07720312467  
Adele Mitchell, Senior Auditor – Adele.mitchell@SWAPaudit.co.uk

### Conformance with Public Sector Internal Audit Standards

SWAP work is completed to comply with the International Professional 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.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in March 2016 which confirmed conformance with the Public Sector Internal Audit Standards.

### Conflicts of Interest

We are not aware of any conflicts of interest within South Somerset District Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, and Competency.

### Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

### Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

## The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners
- Regular newsletters and bulletins containing emerging issues and risks
- Communication of fraud alerts received both regionally and nationally
- Annual Member training sessions

### Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

### Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end	>90%
<b><u>Quality of Audit Work</u></b> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	>95%
<b><u>Outcomes from Audit Work</u></b> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	>95%

*It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.*

Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme
<b>Key Control:</b> Key Control Audits are completed as an assessment of the Council's financial control environment. It is essential that all key controls are operating effectively to provide management with the necessary assurance that there is a satisfactory framework on internal control. Financial controls underpin the statement of accounts.				
Main Accounting including budget responsibility and reserves management	<i>Financial statements need to reflect a true and fair picture of activity of the organisation in question. This review will consider aspects regarding budget planning, budget monitoring, feeder systems reconciliation, opening/closing balances, suspense accounts, journals, System access, virements, bank reconciliation. It will also include reserves management and an assessment/comparison of the risk assessment used for minimum level of reserves.</i>	3	High-Quality Cost-Effective Service	Financial Management
Creditors	<i>Given the extent of change and staff turnover there is an increased risk risks around the payment process. This review will seek to ensure key controls, such as Authorisations, master data controls, direct debit risks, access to the system, VAT, etc is appropriately controlled during this time of change. There is also a new system being implemented.</i>	3	High-Quality Cost-Effective Service	Financial Management
Debtors	<i>With the level and extent of change it is likely that certain invoices may not have been raised or chased due to changes in staffing. This review will seek to provide assurance around key controls, namely, reconciliations between none centralised systems, regular and timely action in chasing debts, processes for identification of all debts, management information and monitoring arrangements.</i>	3	High-Quality Cost-Effective Service	Financial Management
Treasury Management	<i>This review will seek to ensure the following key controls are operating effectively: compliance to the approved Treasury management Strategy; cash flow monitoring arrangements; Authorisation and Access limits to transfer funds; segregation of duties; main accounting records; regular reconciliations; management information and prudential indicators; regular reporting and monitoring.</i>	2	High-Quality Cost-Effective Service	Finance Management
Payroll	<i>Given the level of change at the Authority this review will seek to provide assurance that key payroll controls are operating effectively. The review will seek to provide assurance that staff changes are adequately reflected within the payroll system, leavers have been removed, proper checks are in place for expenses. This review will also consider the cover arrangements to ensure suitable skills remain to adequately process payroll.</i>	2	High-Quality Cost-Effective Service	Finance Management

Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme
Council Tax and NNDR	<i>Given the volume and value running through these systems and the level of change it is imperative that controls are operating effectively and amounts due are collected in line with agreed collection targets and procedures. This review will focus on reconciliations with the Valuation Office Listing, discounts and exemptions applied in line with council policy; arrangements for billing; reconciliation between CT/NDR and the General Ledger; review of suppressed accounts, review of credit reports, user access and profiles, write-offs, suspense accounts, segregation of duties.</i>	2	High-Quality Cost-Effective Service	Finance Management
Housing Benefit	<i>With the roll out of Universal Credit the volume of work in HB has reduced. However, risks remain the same as before and it is imperative that claims are processed without error to avoid SSDC picking up the cost of incorrectly processed applications/amendments. The change in the organisation would increase the potential risk of error.</i>	4	High-Quality Cost-Effective Service	Finance Management
<b>Governance, Fraud &amp; Corruption:</b> <i>Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk.</i>				
Creating new Companies	<i>The Council is looking to create some commercial companies that will deliver additional income to the Council. The process of creating these companies needs to be done carefully as there are a number of pitfalls the Council could fall into. Audit should be looking at the transparency of the roles between the Council and the Company, work to reduce the cross purposes between roles in the Council and in the company and assess the governance in place to manage these companies.</i>	2	Economy	Corporate Governance
Boden Mill & Chard Regeneration Scheme	<i>Annual Audit to check statement of accounts for this scheme have been accurately produced against the budget monitor spreadsheet.</i>	1	Economy	Finance Management
Yeovil Cemetery & Crematorium Annual Accounts	<i>Annual Audit to check the accounts for the Cemetery &amp; Crematorium</i>	1	High-Quality Cost-Effective Service	Finance Management
Information Governance - GDPR	<i>GDPR has not yet been looked at by Audit for this Council. Training was compulsory for all staff and members. 11 members have refused to complete GDPR training and there is resistance to moving from their current IT devices to Council provided devices. Looking at the compliance of members would be a good focus. There is a risk the council is not GDPR compliant and a data breach occurs resulting in financial and reputational damage.</i>	3	High-Quality Cost-Effective Service	Information Management



Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme
Civil Contingencies	<i>There has been a change in responsibilities for managing Civil Contingencies (Emergency planning). There have been a number of calls out of hours that are not the council's responsibility. This has resulted in a new Civil Contingencies response being introduced in January 2019. An audit to look at this process and check those officers on the rota are aware of their responsibilities and how they should react to a given situation.</i>	1	High-Quality Cost-Effective Service	Risk Management
New Risk Management Strategy/System	<i>New Risk Management system being introduced, the audit should assess how well the new system is working, links to risk governance &amp; Controls adapting to change from risk in focus report as well.</i>	2	High-Quality Cost-Effective Service	Risk Management
<b>Transformation</b>				
Benefit Realisation	<i>The main driver was financial, but other customer focused benefits were also articulated. This review would seek to provide independent assurance that the intended benefits from the transformation programme have been delivered as intended and that the benefits are sustainable.</i>	2	High-Quality Cost-Effective Service	Programme & Project Management
Income Generation – Service Improvements	<i>As part of the Commercial Strategy there is a target to increase income across services of approximately £250k. When we audited the strategy in 18/19 the income generation area was still in development. This should have now moved forward and a review of progress against the targets would be useful to assess achievement of the agreed targets in the strategy. Looking at Improvement of services, cost saving and introduction of new income generating services.</i>	4	High-Quality Cost-Effective Service	Programme & Project Management
<b>ICT/Information Management:</b> <i>These audits provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given.</i>				
Data Centre/Backups resilience	<i>SSDC's general approach to their ICT enterprise and it appears that for the foreseeable future that they will maintain an "on-prem" in house provision with no real ambitions to move infrastructure to the cloud. This raises specific risks to manage surrounding those on-prem provisions, such as Data Centre &amp; back-ups. Not reviewed for 8 years and previous review was partial.</i>	1	High-Quality Cost-Effective Service	Information Management



Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme
Wide Area Network (WAN)	<i>To assess the readiness for the procurement. Have the requirements been clearly defined to ensure what is procured is what is correct for the council. IT Specialist has indicated it would be useful to tap into our experience gained at Dorset County Council.</i>	4	High-Quality Cost-Effective Service	Information Management
<b>Operational:</b> Operational audits are a detailed evaluation of a Service's control environment. A risk matrix is devised, and controls are tested that mitigate those risks. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.				
Performance Indicators Data Quality	<i>New KPIs introduced 12 months ago. This audit will look at the data quality being used to produce the KPI results so management and members can have assurance in the information presented to them as reliable. Review to be undertaken towards the end of the year to have sufficient data to analyse.</i>	4	High-Quality Cost-Effective Service	Performance Management
Affordable Housing Programme	<i>The council have historically underwritten a number of affordable homes schemes to help them move forward. Housing associations apply for funding from Homes England, they require a certain amount of work to be completed before they will approve a grant for building, the Council have underwritten the costs for these to help the scheme progress, often Homes England do cover these costs. With the changes across the council it would be helpful to check that this process is still working well. Any other schemes could also be looked at in this area.</i>	1	Homes	Programme & Project Management
<b>Follow -up:</b> Follow up reviews are undertaken where a previous audit has returned a 'Partial Assurance' or 'No Assurance'. This is to provide assurance that areas of weakness have been addressed. Follow up reviews will only focus on the areas of weakness identified in the original review.				
Lone Working Follow Up	<i>Follow up on partial assurance audits</i>	4	High-Quality Cost-Effective Service	People & Asset Management
Financial Resilience/Contract Monitoring Follow Up	<i>Follow up on partial assurance audits</i>	3	High-Quality Cost-Effective Service	Procurement and/or Contract Management
<b>Planning, Advice and Support</b>				
Follow Up	<i>Time to follow up Partial/No Assurance audits that arise in year and need to be followed up.</i>	2-4	N/A	N/A

Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme
SWAP Audit Development	<i>The importance of the IA team keeping up to date with developments in the services they audit, latest audit and risk developments in the Public Sector and necessary training.</i>	1-4	N/A	N/A
Corporate Advice	<i>Guidance and advice on best practice, members training</i>	1-4	N/A	N/A
Committee Reporting & Attendance	<i>Drafting Reports and attending Audit Committees</i>	1-4	N/A	N/A
Planning/Client Liaison	<i>Audit planning, liaison with S151 Officer, Senior Officers, SMT and External Audit</i>	1-4	N/A	N/A

## The Internal Audit Charter

### Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within South Somerset District Council, and to outline the scope of internal audit work.

### Approval

This Charter was approved by the Audit Committee on 27 April 2017 and is reviewed each year to confirm it remains accurate and up to date. It was last reviewed by the Audit Committee on 28 March 2019\*.

### Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP.

### Role of Internal Audit

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### Responsibilities of Management and of Internal Audit

#### Management<sup>1</sup>

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

<sup>1</sup> In this instance Management refers to the Senior Leadership Team.

\*subject to approval in March 2019

### **Internal Audit**

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for South Somerset District Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

### **Relationship with the External Auditors/Other Regulatory Bodies**

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

### **Status of Internal Audit in the Organisation**

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Strategic Lead - Finance, as Section 151 Officer, and reports to the Audit Committee as set out below.

The Assistant Director will be the first and primary point of contact for South Somerset District Council for all matters relating to the Audit Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of the partner or client.

### **Scope and authority of Internal Audit work**

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property South Somerset District Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether South Somerset District Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.
- at the specific request of management, internal audit may provide consultancy services provided:
  - the internal auditor's independence is not compromised
  - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined, and management have made proper provision for resources within the annual audit plan
  - management understand that the work being undertaken is not internal audit work.

### Planning and Reporting

SWAP will submit to the Audit Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Audit Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Section 151 Officer and to other relevant line management.

The Assistant Director will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive Officer or the External Audit Manager.

Revised March 2019

# Agenda Item 7

## External Audit Plan for 2018/19

*Portfolio Holder*                      *Cllr Peter Seib, Finance and Legal Services*  
*Director:*                                *Netta Meadows, Director- Strategy and Support Services*  
*Lead Officers:*                      *Catherine Hood, Specialist - Finance*  
   *Paul Matravers, Specialist - Finance*  
*Contact Details:*                    [Catherine.hood@southsomerset.gov.uk](mailto:Catherine.hood@southsomerset.gov.uk) or (01935) 462157  
   [Paul.matravers@southsomerset.gov.uk](mailto:Paul.matravers@southsomerset.gov.uk) or (01935) 462275

## Purpose of the report

1. This report introduces Grant Thornton's Audit Plan for reviewing the Council's 2018/19 financial statements and our arrangements for securing value for money.

## Recommendations

2. The Audit Committee is asked to:  
  
    (a) Note the Audit Plan for 2018/19.

## Introduction

3. The Audit Plan is included within the remit of the Audit Committee under its terms of reference as follows:

    “To consider and note the annual external Audit Plan and fees”.

## The Audit Plan

4. The plan provides an overview of the planned scope and timings, the audit approach and methodology to be used in respect of the 2018/19 audit.

## Financial Implications

5. A budget of £52,750 is allocated in 2018/19 to fund this work. The estimated fees outlined by Grant Thornton are £47,841 including grant certification.

## Background Papers

None

# External Audit Plan

*Year ending 31 March 2019*

South Somerset District Council

15 January 2019

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# Contents



Your key Grant Thornton  
team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of South Somerset District Council ('the Authority') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of South Somerset District Council. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of control
- Valuation of property, plant and equipment
- Valuation of pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £1.53m (PY £1.53m) for the Authority, which equates to 2% of your prior year gross cost of services expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £77k (PY £77k).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk:

- Transformation programme – Arrangements and assumptions underlying the commercialisation programme, including investment in additional revenue generating assets, are not sufficiently robust to deliver outcomes and realise the Council's income and savings targets

## Audit logistics

Our interim visit will take place in February and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £37,943 (PY: £49,276) for the Authority, subject to the Authority meeting our requirements set out on page 12.

## Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

# Key matters impacting our audit

## Factors

### The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. At quarter 2 the Council are forecasting an underspend of £215k against the budget. The Authority are looking to use the commercialisation strategy to provide revenue and, alongside anticipated savings from the implementation of the transformation programme, will be used to alleviate the pressure on future budgets.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty (update as appropriate). The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

### Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

### Transformation Programme

The Council has embarked on an ambitious transformation programme to restructure the way the Council delivers its services going forward.

2018/19 represents the third year of the programme and the first full year in which savings can and have been recognised.

The Council have completed the first phase of the project which reviewed and restructured departments and evaluated staff member's competencies to ensure that the correct skills are in place for the overall strategy and objectives to be delivered. The new structure was put in place as of 1 January 2019 and the next stage is to engage with the local population to change the way in which they interact with the Council and access services.

Alongside this the Council has introduced a commercial strategy under which a number of investment properties have been purchased. The financial strategy includes an ongoing annual income target of £2m for commercial investment income which is net of the costs of increased capacity within the Commercial Property Team.

The Council will need to maintain the processes in place to ensure the annual income target is achieved and where possible mitigate against fluctuations within the market.

## Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will consider your arrangements for managing the transformation programme as part of our work in reaching our Value for Money Conclusion
- We will discuss the strategy with the relevant senior management to gain a greater understanding of the assumptions and processes that have been put in place to achieve the objectives
- We will review key documentation and decision taken to ensure they are in line with the key aims and objectives of the strategy and that they continue to build upon the foundations of the transformation programme to date

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The revenue cycle includes fraudulent transactions</b>	<b>Authority</b>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including South Somerset District Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we do not consider this to be a significant risk for South Somerset District Council.</p>	We have rebutted this cycle as a significant risk and will undertake testing as part of the audit
<b>Management over-ride of controls</b>	<b>Authority</b>	<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>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness</li> <li>• obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness</li> <li>• evaluate the rationale for any changes in accounting policies or significant unusual transactions.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of property, plant and equipment</b>	<b>Authority</b>	<p>The Council revalues its larger assets on an annual basis and the remaining assets on a rolling basis over a five year period 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>We will:</p> <ul style="list-style-type: none"> <li>Review of management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>Consideration of the competence, expertise and objectivity of any management experts used.</li> <li>Discussions with the valuer about the basis on which the valuation is carried out and challenge of the key assumptions.</li> <li>Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding.</li> <li>Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.</li> </ul>
<b>Valuation of pension fund net liability</b>	<b>Authority</b>	<p>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>We will:</p> <ul style="list-style-type: none"> <li>Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>Evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out</li> <li>Undertake procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>Check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary</li> </ul>

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
  - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

# Materiality

## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

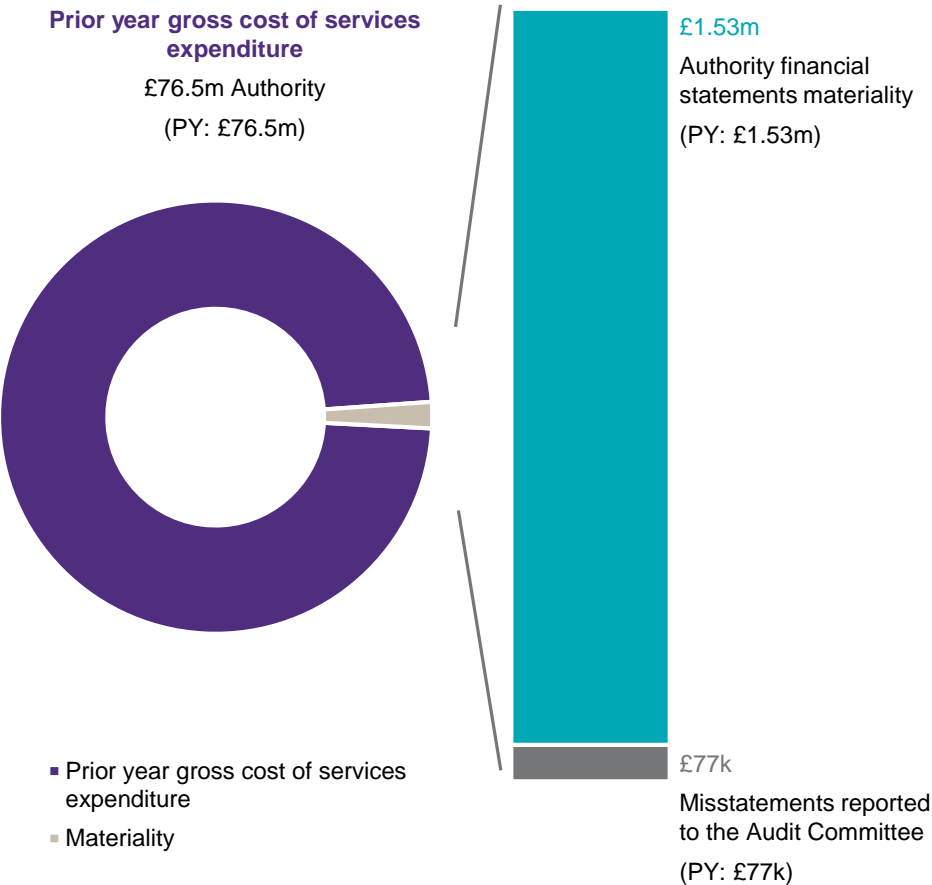
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.53m (PY £1.53m) for the Authority, which equates to 2% of your prior year gross cost of services expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £20k for Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £77k (PY £77k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.





# Value for Money arrangements

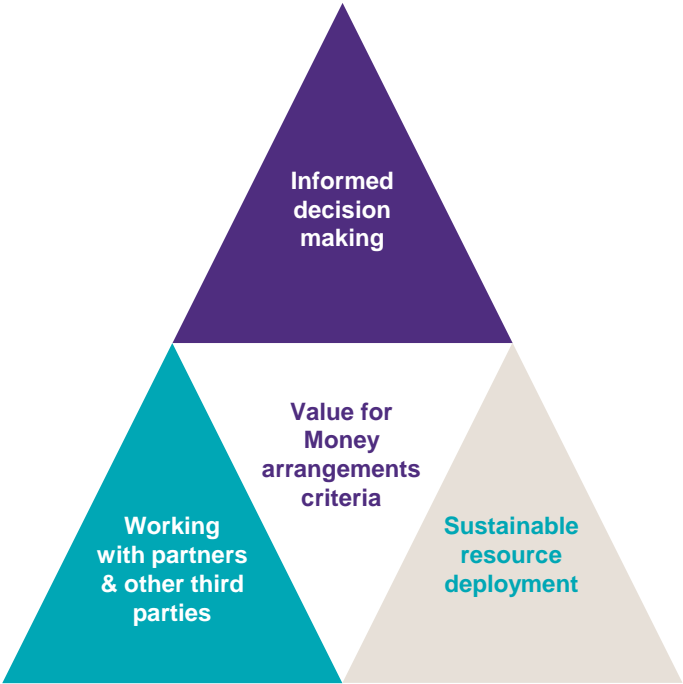
## Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single 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.”*

This is supported by three sub-criteria, as set out below:



## Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



### Transformation Programme – Commercialisation 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 recurring significant savings in future years.

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 £4.5m of redundancy costs, as well as the cost of new IT infrastructure.

The first stage of the transformation programme has now been complete and all service areas have been reviewed and restructured. The Council now needs to ensure that momentum is maintained and that the Commercialisation programme, designed to increase revenue, is properly implemented. Failure to do so could lead to loss of income, missed savings targets and potentially failure by the Council to deliver services to the local population.

The successful implementation of the commercialisation strategy represents a significant risk to the Council in terms of:

- Achievement of revenue targets to fund delivery of services
- Robust governance over decisions made, with transparency and clarity for elected members
- Close monitoring of costs and revenues generated as a result of decisions made to ensure that the overall financial benefits are realised and that returns are in line with assumptions
- Appropriate expertise employed by the Council to deliver the strategy and identify appropriate and relevant opportunities to maximise benefit to the organisation.

We will review the project management arrangements in place at the Council to assess how it is addressing the risks outlined above and any mitigating actions it may need to take to deliver the planned outcomes

# Audit logistics, team & fees



## Barrie Morris, Engagement Lead

Barrie leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority



## David Johnson, Audit Manager

David plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues

## Joanne McCormick and Beth Garner - Audit Incharge

The Audit In charge's role is to assist in planning, managing and delivering the audit fieldwork, ensuring the audit is delivered effectively, efficiently and supervises and co-ordinates the on-site audit team.

## Audit fees

The planned audit fees are £37,943 (PY: £49,276) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. There is no non-Code (as defined by PSAA) work planned. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

# Early close

## Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

South Somerset District Council presented their draft accounts for audit by the beginning of June, as they had for the previous two years, enabling us to sign off against the accounts by 31 July, the statutory deadline. We therefore have confidence that both the Council and ourselves are well placed to continue achieving the requirements under the regulations

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

## Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 10). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

# Independence & non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

## Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

Service	£	Threats	Safeguards
Audit related			
Certification of Housing capital receipts grant	9,898	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £9,898 in comparison to the total fee for the audit of £37,943 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None	nil	N/A	N/A

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.



# Agenda Item 8

## External Audit Progress Report

<i>Portfolio Holder</i>	<i>Cllr Peter Seib, Finance and Legal Services</i>
<i>Director</i>	<i>Netta Meadows, Director - Strategy and Support Services</i>
<i>Lead Officers:</i>	<i>Catherine Hood, Specialist - Finance</i> <i>Paul Matravers, Specialist - Finance</i>
<i>Contact Details:</i>	<i>Catherine.hood@southsomerset.gov.uk or (01935) 462157</i> <i>Paul.matravers@southsomerset.gov.uk or (01935) 462275</i>

## Purpose of the Report

1. This report introduces Grant Thornton's Audit Progress and Sector Update Report for the year ending March 2019.

## Recommendations

2. That the Audit Committee notes the report.

## Background

3. The report from Grant Thornton, the Council's external auditor, provides the Audit Committee with an update on progress in delivering their responsibilities to the council and its stakeholders.
4. The report also provides a summary of emerging national issues and developments, and includes a number of challenge questions the committee may wish to consider regarding these.
5. It should be noted that the delivery of responsibilities remains on track, and that results of the interim audit carried out in February 2019 concluded that:
  - The business processes are appropriate in relation to the activities of the Council.
  - That the work on the documentation of business processes did not identify any weaknesses which impact on the external auditor's audit approach.
  - That no material weaknesses were identified which are likely to adversely impact the Council's financial statements.

## Financial Implications

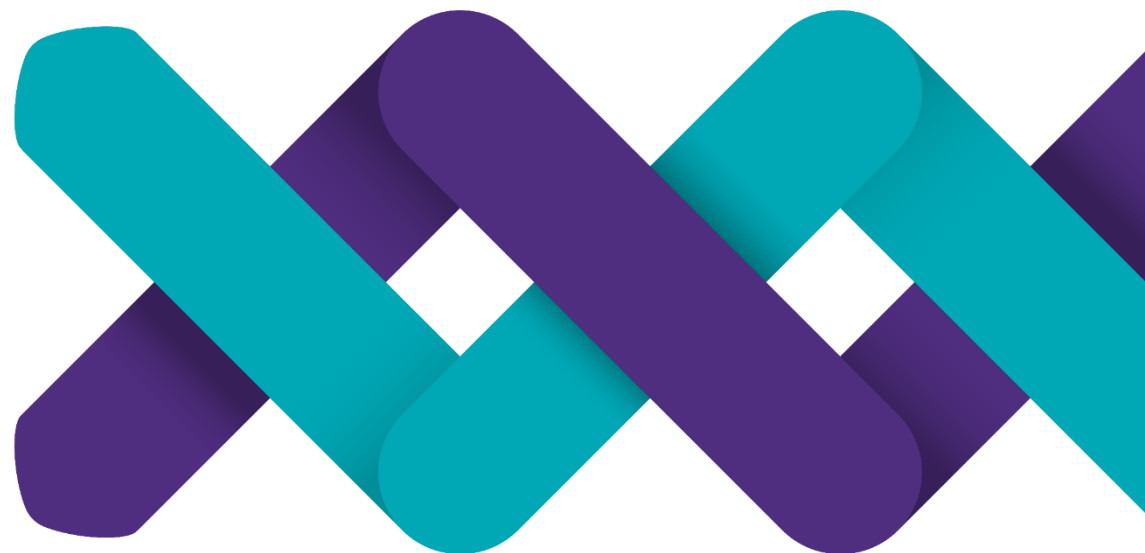
6. None for the purposes of this report.

## Background Papers

None

# Audit Progress Report and Sector Update

South Somerset District Council  
Year ending 31 March 2019  
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18 March 2019





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# Introduction



**Barrie Morris**

**Engagement Lead**

T 0117 305 7708

E barrie.morris@uk.gt.com

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



**David Johnson**

**Engagement Manager**

T 0117 305 7727

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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at March 2019

## Financial Statements Audit

We have completed our 2018/19 planning for the Council and have issued detailed audit plans, setting out our proposed approach to the audit.

As at the end of March we have completed our interim audit work. Our interim fieldwork visit includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Understanding of the Council's key business processes
- Early work on emerging accounting issues
- Early substantive testing.

The statutory deadline for the issue of the 2018/19 opinion on the Council 31 July 2019.

The final accounts audit is due to begin in June, with findings reported to you in the Audit Findings Report by the deadline of July 2019.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach are included in our Council Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019 and further detail of work to date is included in slide 5.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy Claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for 2017/18 was concluded in November 2018.

The results of the certification work were shared with key officers in December 2018 and were reported to you in our certification letter, which was presented to the January 2019 meeting

### Meetings

We met with S151 Officer and the Chief Executive in January 2019 as part of our regular liaison meetings and will continue to meet the Director of Finance and with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. The most recent events were the annual accounts workshops which was attended by a member of your staff

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Progress at March 2019

## Interim Audit

We have completed our interim audit site visit for 2018/19 and have issued a detailed audit plan which is being presented at this Committee meeting. As agreed with officers our visit was undertaken in February and focussed on updating our understanding of the Council. In particular we reviewed the control environment, work of internal audit and documented the key business processes. We also discussed with officer progress on key issues arising from the prior year audit and those that will impact the 2018/19 audit.

The outcome from our visit is reported on page 7

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach are included in our Audit Plan which we will present to the committee as part of this meeting.

At the time of writing this report, work has begun on the VFM risk that we identified. The following points provide a brief summary of the work completed to date:

- **Transformation Programmes – Commercialisation Programme**
  - We note the latest monitoring report at month 9 is reporting an overspend of £273k for 2018/19.
  - We have reviewed the Transformation Programme updates to members and noted how the commercialisation programme feeds into the overall strategy and objectives
  - We have met with officers including the Commercial and Income Generation Director to discuss the arrangements for producing a commercial strategy and identifying income opportunities
  - We have reviewed the Council's commercialisation programme updates reported to members to gain an understanding of what key messages are being communicated.

We will continue our work on the Value for Money Conclusion as part of our final interim visit which is planned in the second half of March. We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

## PSAA Contract Monitoring

South Somerset District Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts in 2018/19. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA' audit quality monitoring arrangements are available from its website, [www.psaa.co.uk](http://www.psaa.co.uk)

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. We have set out commitment to deliver a high quality audit service in the attached presentation on pages 20 and 21 of this report. We hope this is helpful. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

# Audit Deliverables

2017/18 Deliverables	Planned Date	Status
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2018	Complete
2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements	January 2019	Complete and on this agenda
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Complete
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out.	December 2019	Not yet due

# Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below

	Work performed	Conclusions and recommendations
<b>Documentation of business processes</b>	<p>We have completed a detailed documentation of some of your key business processes including:</p> <ul style="list-style-type: none"> <li>- The Collection Fund</li> <li>- Accounts payable (including creditors)</li> <li>- Accounts Receivable</li> <li>- Investments</li> <li>- Payroll</li> <li>- Welfare Benefits</li> <li>- Property, Plant and Equipment</li> </ul> <p>Detailed documentation of the processes around cash, pensions and journals will be undertaken during the course of the interim audit.</p> <p>Our work has not identified any issues which we wish to bring to your attention.</p>	<p>Overall, we have concluded that the business processes are appropriate in relation to the activities of the entity. Work in this area has not identified any weaknesses which impact on our audit approach.</p>
<b>Entity and its environment</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>- Commitment to integrity and ethical values;</li> <li>- Training and development of staff;</li> <li>- Participation by those charged with governance;</li> <li>- Management's philosophy and operating style;</li> <li>- Organisational structure;</li> <li>- Financial reporting responsibilities;</li> <li>- Assignment of authority and responsibility; and</li> <li>- Human resource policies and practices.</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on Council's financial statements.</p>

# Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with corporate governance committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# Public Sector Audit Appointments – Report on the results of auditors' work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors' work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts.

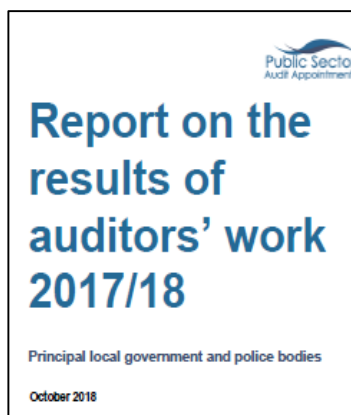
The report is available on the PSAA website:

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## PSAA Report

### Challenge question:

Has your Authority identified improvements to be made to the 2018/19 financial statements audit and Value for Money Conclusion?





# National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

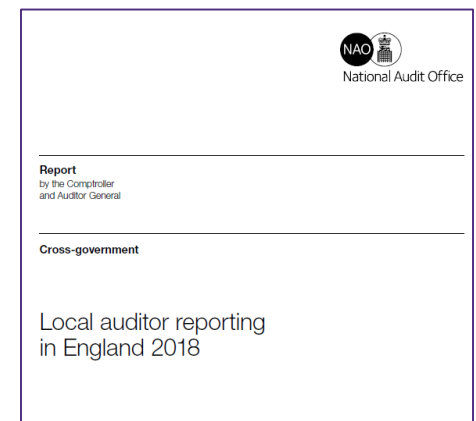
Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>



## NAO Report

### Challenge question:

Has your Authority responded appropriately to any concerns or issues raised in the External Auditor's report for 2017/18?



# National Audit Office – Local authority governance

The report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (Ministry of Housing, Communities and Local Government) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network

Not only are the risks from poor governance greater in the current context as the stakes are higher, but the process of governance itself is more challenging and complex. Governance arrangements have to be effective in a riskier, more time-pressured and less well-resourced context. For instance, authorities need to:

- maintain tight budgetary control and scrutiny to ensure overall financial sustainability at a time when potentially contentious savings decisions have to be taken and resources for corporate support are more limited; and
- ensure that they have robust risk management arrangements in place when making commercial investments to generate new income, and that oversight and accountability is clear when entering into shared service or outsourced arrangements in order to deliver savings.

Risk profiles have increased in many local authorities as they have reduced spending and sought to generate new income in response to funding and demand pressures. Local authorities have seen a real-terms reduction in spending power (government grant and council tax) of 28.6% between 2010-11 and 2017-18. Demand in key service areas has also increased, including a 15.1% increase in the number of looked after children from 2010-11 to 2017-18. These pressures create risks to authorities' core objectives of remaining financially sustainable and meeting statutory service obligations. Furthermore, to mitigate these fundamental risks, many authorities have pursued strategies such as large-scale transformations or commercial investments that in themselves carry a risk of failure or under-performance.

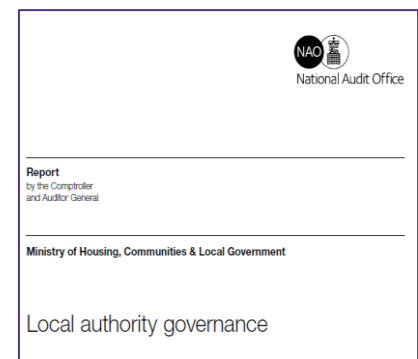
The report is available on the NAO website:

<https://www.nao.org.uk/report/local-authority-governance-2/>

## NAO Report

### Challenge question:

Has your Authority got appropriate governance and risk management arrangements in place to address the risks and challenges identified in the NAO report?



# CIPFA – Financial Resilience Index plans revised

The Chartered Institute of Public Finance and Accountancy (CIPFA) has refined its plans for a financial resilience index for councils and is poised to rate bodies on a “suite of indicators” following a consultation with the sector.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector’s views, CIPFA invited all interested parties to respond to questions it put forward in the consultation by the 24 August.

CIPFA has also responded to concerns about the initial choice of indicators, updating the selection and will offer authorities an advanced viewing of results.

Plans for a financial resilience index were put forward by CIPFA in the summer. It is being designed to offer the sector some external guidance on their financial position.

CIPFA hailed the “unprecedented level of interest” in the consultation.

Responses were received from 189 parties, including individual local authorities, umbrella groups and auditors. Some respondents called for a more “forward-looking” assessment and raised fears over the possibility of “naming and shaming” councils.

CIPFA chief executive Rob Whiteman said with local government facing “unprecedented financial challenges” and weaknesses in public audit systems, the institute was stepping in to provide a leadership role in the public interest.

“Following the feedback we have received, we have modified and strengthened the tool so it will be even more helpful for local authorities with deteriorating financial positions,” he said.

“The tool will sit alongside CIPFA’s planned Financial Management Code, which aims to support good practice in the planning and execution of sustainable finances.”

CIPFA is now planning to introduce a “reserves depletion time” category as one of the indicators. This shows the length of time a council’s reserves will last if they deplete their reserves at the same rate as over the past three years.

The consultation response document said this new category showed that “generally most councils have either not depleted their reserves or their depletion has been low”.

“The tool will not now provide, as originally envisaged, a composite weighted index but within the suite of indicators it will include a red, amber, green (RAG) alert of specific proximity to insufficient reserve given recent trajectories,” it said.

It also highlighted the broad support from the sector for the creation of the index. “There was little dissent over the fact that CIPFA is doing the right thing in drawing attention to a matter of high national concern,” it said.

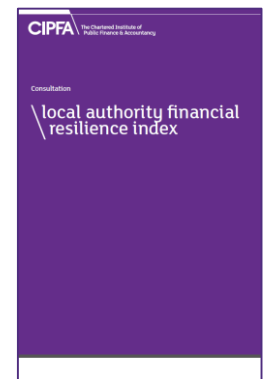
“Most respondents agreed to the need for transparency – but a sizable number had concerns over the possibly negative impacts of adverse indicators and many councils wanted to see their results prior to publication.”

As such, CIPFA plans to provide resilience measurements first to the local authorities and their auditors via the section 151 officer rather than publishing openly.

## CIPFA Consultation

### Challenge question:

Has your S151 Officer briefed members on the Council’s response to the Financial Resilience Index consultation?



# ICEAW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICEAW) has published a paper on the 'expectation gap' in the external audit of public bodies.

## Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

## What's the problem?

- **Short-term solvency vs. Longer-term value:**
  - LG & NHS: Facing financial pressures, oversight & governance pressures
- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit committees not consistently effective:** Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

## Future financial viability of local public bodies

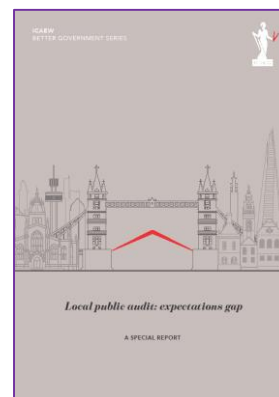
Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

## The ICAEW puts forward two solutions:

**Solution a)** If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

**Solution b)** Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



## The expectations gap

### Challenge question:

How effectively is the audit meeting client expectations?



# Financial Foresight: Our sustainable solution for cash-strapped councils

Grant Thornton's new Financial Foresight platform helps provide local councils with financial sustainability.

Launched in early January, Financial Foresight is a unique platform that can help us provide financial sustainability to under-pressure local councils, using a combination of data, statistics and our expertise.

Page 49 In December 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) estimated that 15% of councils are showing signs of financial distress. If the rate at which these councils are dipping into their financial reserves continues, the National Audit Office estimates that 10% of councils will have depleted their reserves by 2021. The latest figures from our Insights and Analytics team suggest this could be closer to 20%.

Alarm bells started to chime at Somerset, Surrey, Lancashire and Birmingham councils last year. Yet it was the catastrophic near-collapse of Northamptonshire County Council - after it chose for five years not to raise council tax to cover its spiralling costs - that shone the spotlight on this widespread problem.

Unless local councils can get to grips with the situation, we'll all feel the effects of deeper cutbacks in public spending.

## What's causing the problem?

After eight years of government austerity which followed the financial crash of 2008, many councils are now digging deep into their financial reserves in order to provide public services to their communities – from social care to fixing potholes in the road.

Pressure on funding is further impacted by rapidly rising costs – especially for demand-led services as populations grow and age. Within just a few years, many councils will not have any reserves left to fall back on, and some have already said they will be unable to provide any non-statutory services at this time. Overlay Brexit onto this situation, along with the anticipated financial pressures this will bring, and the outlook for local authorities is extremely challenging.

## How can we help?

The investments we have made in analytics coupled with the commercial success of our CFO Insights tool has enabled us to develop credible financial forecasts for every local authority in the country. From this platform we developed Financial Foresight; a unique, forward-looking financial analytics and forecasting platform designed to support financial sustainability in local government.

Financial Foresight takes account of factors such as population growth, development forecasts and demand drivers to project local authority spend, income and operating costs. It provides a baseline view on the financial sustainability of every local authority in England and allows leaders in each authority to benchmark their own outlook against others. This will help councils move on from resilience – or just getting by – to financial sustainability.

Head of Local Government Paul Dossett said: "Through Financial Foresight and our associated strategy workshops, we can support local authorities to test and appraise a range of financial strategies and levers to develop a plan for a sustainable future. The critical importance of authorities understanding their financial resilience is only going to increase, so we're proud to be leading the market with this offering."

For more information, follow the links below:

<https://www.grantthornton.co.uk/en/insights/councils-are-at-risk-but-do-they-really-know-why/>

<https://www.grantthornton.co.uk/en/insights/from-resilience-to-financial-sustainability/>

# Brexit Room - Increasing readiness and resilience within your locality

Local authorities have always navigated uncertainty and faced challenges on behalf of communities and this role has never been more important than now. Whilst the outcome of Brexit remains uncertain at a national level, it is essential for councils to set a path to ensure the continued delivery of vital services and the best possible outcomes for their local communities and economies.

Whatever happens over the coming weeks and months, it is important that councils identify key Brexit scenarios and use these to frame robust local contingency plans.

From our conversations with the sector we know that local authorities are at different stages in their preparation for this big change.

Here's a brief summary of the issues that we are seeing:

## Organisations

- Engaging non-EEA nationals within the workforce to ensure they understand their residency rights and are not receiving incorrect information from other sources
- Loss of access to key EU databases on policing and trading standards and changes to data sharing arrangements
- Uncertainty around continuation of EU funding beyond 2020 and the implementation of the UK Shared Prosperity Fund.

## Services and suppliers

- Engaging with key suppliers to assess their risk profiles and resilience
- Dealing with the immediate strain on key services such as social care and trading standards
- Potential disruption to live procurement activities and uncertainty around the national procurement rulebook post OJEU.

## Place

- Considering scenarios for economic shock, the associated social impact in the short, medium and long-term and the potential impact on local authority financial resilience
- Potential impacts on major local employers, key infrastructure investment programmes and transport improvements
- Civil contingencies and providing reassurance and support to residents and businesses.

## Our approach

The Brexit Room is a flexible and interactive half-day workshop designed to sharpen your thinking on the impact Brexit could have on:

**Your organisation** – including considerations on workforce, funding, and changes to legislation

**Your services and suppliers** – ensuring that critical services are protected and building resilience within supply chains

**Your place** – using our proprietary Place Analytics tools we will help you to understand potential impacts on your local communities and economy and develop a place-based response, working with partners where appropriate.

We can work with you to identify key risks and opportunities in each of these areas whilst building consensus on the priority actions to be taken forward. You will receive a concise and focused write-up of the discussion and action plan to help shape the next stages of your work on Brexit.

For more information, follow the link below:

<https://www.grantthornton.co.uk/insights/brexit-local-leadership-on-the-front-line/>

## Brexit

### Challenge question:

How well advanced are your authority's plans for Brexit?





# National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

**Financial challenges** – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

**Culture and structure** – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

**Strategic issues** – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

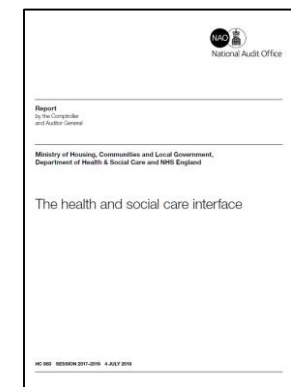
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:  
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

## The health and social care interface

### Challenge question:

Has the Corporate Governance Committee considered the 16 challenges to joint working and what can be done to mitigate these?



# A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

## Scoping Sprint (Oct 2018)

Following opening remarks by Hilary Cottam (social entrepreneur and author of Radical Help) and Cllr Georgia Gould (Leader of Camden Council) the subsequent debate identified three themes for Grant Thornton to take forward:

1. Ethics and philosophy: What is meant by care? Should the state love?

2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

## Sprint 1 – What do we really mean by 'Care'? (Dec 2018)

Julia Unwin, Chair of the Civil Societies Futures Project, and Sam Newman of Partners4Change sparked debate on why we need society to be brave enough to talk about care and the different levels at which 'care' can be applied to create a Caring Society.

## Sprint 2 – A new role for the state? (7 Feb 2019)

Donna Hall, CEO of Wigan Council and Andrew of Reform, will start the debate on how can the state – nationally and locally – develop and adapt itself to be in service to a caring society.

### To find out more or get involved:

- Join the conversation at #acaringssociety
- [Why we need to create a caring society](#)
- [Creating a caring society – the start of the debate](#) – the key themes from our first round table
- [Social care must take the starring role in its own story](#) – why the definition of social care is so important if the system is to change
- [Markets, trust & governance](#) – how social care can evolve to become a driver of local care economies
- [The future care leader](#) – Fiona Connolly, director of adult social care at Lambeth, discusses the importance of local care leaders working across the entire health system

### Challenge question:

How is your authority engaging in the debate about the future of social care?





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# Links

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## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

## National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

<https://www.nao.org.uk/report/local-authority-governance-2/>

## Public Sector Audit Appointments

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

*"I have found Grant Thornton to be very impressive.....they bring a real understanding of the area. Their insights and support are excellent. They are responsive, pragmatic and, through their relationship and the quality of their work, support us in moving forward through increasingly challenging times. I wouldn't hesitate to work with them."*

Director of Finance, County Council

## Our relationship with our clients– why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLCAE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.
- We propose a realistic fee, based on known local circumstances and requirements.

## New opportunities and challenges for your community

### The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability – Adult Social Care funding gaps and pressure on Education, Housing, Transport
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

## Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, housing delivery changes, Children services and Adult Social Care restructuring, partnership working with the NHS, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example accounting for unique assets, financial management, reporting and governance, and tax implications for the Cornwall Council companies
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

## Grant Thornton in Local Government

### Our client base and delivery

**We are the largest supplier of external audit services to local government**

**We audit over 150 local government clients**

**We signed 95% of our local government opinions in 2017/18 by 31 July**

**In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.**

We are well connected to MHCLG, the NAO and key local government networks

We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice

We have a strong presence across all parts of local government including blue light services

We provide thought leadership, seminars and training to support our clients and to provide solutions

We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists

We provide technical and personal development training

We employ over 80 Public Sector trainee accountants

Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing

We are fully compliant with ethical standards

Your audit team has passed all quality inspections including QAD and AQRT

We provide national technical guidance on emerging auditing, financial reporting and ethical areas

Specialist audit software is used to deliver maximum efficiencies



# Grant Thornton

An instinct for growth™

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# Agenda Item 9

## Health and Safety Update

*Director:* Netta Meadows, Strategy and Commissioning  
*Manager / Lead Specialist:*  
*Lead Officer:* Toffer Beattie, Specialist – Strategic Planning  
*Contact Details:* Toffer.Beattie@SouthSomerset.Gov.Uk

## Purpose of the Report

This report provides an overview of the current position on health and safety and an update on progress that has been made in the last year. It also provides insight to initiatives planned for the next year to move us forward so that we continue to keep health and safety awareness across the organisation.

## Recommendations

- (1) That the Committee note the current update on health and safety as detailed in this report

## Background

SSDC have previously adopted a traditional approach to health and safety where most responsibility was vested in a single person, the health and safety manager role, with the support of a health and safety coordinator. As the new organisational structure, operating model and new ways of working were introduced, we undertook a review of our approach to health and safety policy, procedures and processes.

## Health and Safety Data

In considering our health and safety approach, it became clear that whilst the traditional model of a designated health and safety role may have delivered a single point of expertise within the organisation, it did not encourage active engagement across the workforce and, essentially could also lead to that role being a single point of failure.

There have been a number of areas of improvement identified, including how we report and review health and safety incidents. Incident reporting depended on point-to-point e-mail reports slowing down effective triage and remedial action. Risk assessments have been drawn up in an unregulated manner so we have ended up with a vast number (circa 1500) across the organisation and these are stored in a system that has a poor interface and is difficult to navigate.

There is an established Health and Safety Panel, which was being used as a forum for sharing information on health and safety matters. However, we have now reset the Terms of Reference for this group and it is now a significant forum for employee consultation and sharing of insight on organisational health & safety practice and culture. Although incidents, accidents and near misses are reviewed, the outcomes of this process do not currently lead to policy formulation and this is something that we are looking to address by creating a new Health & Safety Steering Group. This group has been set up to engage those members of the Leadership and Management Team who have primary responsibility for the main hazard or risk areas and key enablers.

The biggest change we have made to the Safety Panel has been the creation of a formal work plan with the objective of coordinating activities to allow the development of more streamlined and well thought through initiatives to address identified issues more effectively.

Examples of achievements to date include:

- Redesign for incident reporting
- Sky Guard system for loan workers trialled and system adopted
- Working at height training delivered

## Health and Safety Data

In 2018 (calendar year) a total of 58 incidents were reported. The following table provides an overview of the number of incidents by category.

Table 1: Reported incidents

Near misses	5
Accidents involving staff (For break down see table 2)	32
Accidents involving the public	10
Incidents Involving Violence to Staff	9
RIDDOR	1
<b>Total</b>	<b>58</b>

**Near misses:** Two of the near misses have been raised via the Streetscene service. One of these included a tyre explosion in the main workshop at the Lufton depot and the other during rotavation tasks. Three of the reported near misses were property related.

Table 2: Accidents involving staff

<b>Area Development</b>	2	Both accidents where Slips and falls (different Area Offices).
<b>Arts &amp; Entertainment</b>	6	Three accidents occurred in kitchens (food processing related cuts); one was a slip and fall outside the Octagon building; one a trapped finger (Westlands Entertainment Venue) and one a toe injury as exiting doors (Westlands Entertainment Venue).
<b>Countryside</b>	2	A dog bite in the Ninesprings Café and a thumb injury at Ham Hill Ranger Station during the removal of small branches.
<b>Engineering &amp; Property Services</b>	1	Thumb injury during moving of furniture.
<b>Environmental Health</b>	1	Stood on wasp nest whilst looking for a rat
<b>ICT</b>	1	Knocked hand/wrist against the door
<b>Revenues &amp; Benefits</b>	2	Seizures
<b>Streetscene</b>	15	Two accidents were Slips, trips and falls. Five were injuries due to lifting or applying of pressure. Three incidents occurred during litter picking or hedge cutting One accident occurred in the workshop One accident occurred during a flytip pickup

		One accident included a wasp sting One accident included burnt finger One accident involved a vehicle
<b>Yeovil Innovation Centre</b>	1	Injury to hand
<b>NA</b>	1	Accident in the kitchen.
<b>Total accidents involving staff:</b>	<b>32</b>	

**RIDDOR:** There has been one RIDDOR reportable incident which occurred at the Octagon Theatre where a slip and fall during a 'slosh' scene of a performance led to an injury (broken wrist).

**Public accidents:** Five of the accidents are slips, trips and falls. Three accidents occurred during activities (hit by rounder's match ball; stretching in an exercise class; cut injury).

**Violence to staff:** Eight of the cases were verbal abuse three of which were over the phone. There was one case of physical violence (at Petters House reception).

## Conclusion

We intend to bring an annual report to committee detailing updates to the health and safety approach and work plan, as well as key health and safety data. The next report would therefore come to committee in spring 2020.

## Financial Implications

None direct from this report

## Council Plan Implications

Aligned to our Council Plan values of empowering a confident, flexible workforce and being great to work for. <https://www.southsomerset.gov.uk/media/2020/council-plan-201920.pdf>

## Carbon Emissions and Climate Change Implications

None direct from this report

## Equality and Diversity Implications

None direct from this report

## Background Papers

# Agenda Item 10

## **Civil Contingencies & Whistleblowing Update**

*Director:* Netta Meadows, Strategy & Support Services  
*Manager / Lead Specialist:*  
*Lead Officer:* Netta Meadows, Strategy & Support Services  
*Contact Details:* netta.meadows@SouthSomerset.Gov.Uk

### **Purpose of the Report**

This report provides an update to the Audit Committee on our preparedness regarding civil contingencies. The report also reports on any whistleblowing which has taken place in the last year.

### **Recommendations**

- (1) That the Committee note the current update on civil contingencies and whistleblowing as detailed in this report

### **Background**

SSDC have previously adopted an approach where all calls out of hours (stray dogs, drug paraphernalia, and emergencies such as civil contingencies) went to one single person who was paid to be “on call”. They would take the out of hours calls and then make further calls to pass them to the appropriate person to deal with them. This person left the authority in August 2018 and so the Director of Strategy & Support Services has been undertaking this task as part of their role since then. The Director of Strategy & Support Services and a Strategic Planning Specialist have worked on a new approach for dealing with the out of hours calls to ensure that there is a more efficient process in place, and that our preparedness for civil contingency emergencies is improved.

### **Out of Hours Calls**

If a member of the public calls the office out of hours then their call is routed through to the Deane Helpline, who take details and assists. Previously Deane Helpline would call 1 person who would then have to triage the calls and pass them on to another person(s) who could undertake action as required. From the beginning of March all out of hours calls go through the Deane Helpline as before, but now they contact the right officer directly, reducing the time to respond, and making the process more efficient. They will call the relevant team or person directly to deal with the reported issue, or where it doesn't need to be dealt with in the evening or at weekends, they will log the calls and pass it to the right teams on the next working day.

### **Civil Contingency Emergencies**

The Civil Contingencies Act 2004 identifies Local Authorities as Category 1 responders and so we have a statutory responsibility maintain an emergency response capability. We deliver this capability as part of the Somerset Local Authorities Civil Contingency Partnership (SLACCP) which gives us the benefits of economies of scale, improved representation on the Avon and Somerset Local Resilience Forum (AS LRF), and a mechanism for mutual aid and combined training with other Local Authorities and responders. The Partnership, which is delivered via staff at Somerset County Council, meet regularly, and have a combined plan and response protocols in the event of an emergency (attached as Appendix 1)

It is fair to say that historically we perhaps weren't benefitting fully from what the SLACCP could offer us, but over the last 6 months relationships have been greatly improved and the SLACCP have been fully engaged and involved in our developments.

Over the past 6 months we have worked to enhance our Civil Contingency capability so we are more resilient and can call on a wider pool of trained officers from within SSDC. We now have a Strategic Duty Officer on call 24/7. The Strategic Rota is made up of:

- Chief Executive
- 3 Directors
- 4 of the Leadership & Management Team

The Strategic Duty Officer is supported by an Operational Duty Officer (Leadership & Management Team) who are also available 24/7. This gives us the ability to quickly establish high level command and control (usually linking in with the emergency services and County at the strategic level) whilst at the same time having an officer available to deploy to the scene of an incident to liaise with the emergency services on the scene, other responders, and the local community.

To achieve this we have reviewed our procedures and systems and have carried out a number of training events. As well as classroom based training for strategic and operational officers, we conducted a major scenario based training exercise in February of this year. Another exercise is planned for August and similar events will take place biannually in the future to maintain a high state of preparedness. Officers have also attended a number of external courses and events including a Somerset Community Resilience workshop, a BREXIT study day and a training day focussing on humanitarian aspects of disaster relief.

There has been a good deal of focus on BREXIT recently and the potential impacts of a disorderly/no-deal departure from the EU. This work has been led by the Ministry of Housing, Communities & Local Government and we have been working very closely with them, the Avon & Somerset Local Resilience Forum, Heart of the South West LEP and other local and regional partners to be ready for this type of event.

### **Civil Contingencies Update**

There have been no calls which have been classified as a major incident where we have been asked to support any of the emergency services.

We have had 1 occasion where we were contacted in the early hours of the morning to assist the police with an incident by halting bin collections.

### **Whistleblowing**

There have been no occasions during the last year where whistleblowing has taken place.

### **Conclusion**

We intend to bring an annual report to committee detailing information regarding civil contingencies & whistleblowing.

### **Financial Implications**

None direct from this report



## **Council Plan Implications**

Aligned to our Council Plan values of empowering a confident, flexible workforce.  
<https://www.southsomerset.gov.uk/media/2020/council-plan-201920.pdf>

## **Carbon Emissions and Climate Change Implications**

None direct from this report

## **Equality and Diversity Implications**

None direct from this report

## **Background Papers**

None

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# Agenda Item 11

## **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

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## Audit Committee Forward Plan

Committee Date	Item	Responsible Officer
27 Jun 19	Review of Internal Audit 2019/20 Internal Audit Plan Progress Q4 Internal Audit Annual Opinion 2017/18 Health, Safety and Welfare (Annual Report) Register of staff interests – annual review Annual Treasury Management Activity Report 2019/20 – Needs to go on to Full Council Annual Fraud Programme Update	S151 Officer Alastair Woodland (SWAP) Alastair Woodland (SWAP) Netta Meadows Monitoring Officer Finance Specialist  Legal Specialist
25 Jul 19	Annual Governance Statement External Audit – Audit Findings Report Approve Annual Statement of Accounts Approve Summary of Accounts	S151 Officer S151 Officer (GT) Finance Specialist Finance Specialist
24 Oct 19	Internal Audit Plan Progress Q2 Treasury Management Practices Treasury Management Mid-Year Performance and Strategy Update – Needs to go on to Full Council	Alastair Woodland (SWAP) Finance Specialist Finance Specialist
28 Nov 19	External Audit – Certification of Housing benefit Subsidy Claim External Audit – Annual Audit Letter Annual Fraud Programme Update	Finance Specialist (GT)  Finance Specialist (GT) Legal Specialist
24 Jan 20	Internal Audit Plan Progress Q3 Treasury Management Strategy Statement 20/21 – Needs to go on to Full Council	Alastair Woodland (SWAP) Finance Specialist