



Audit Committee

Thursday 14th May 2020

2.00 pm

Virtual Meeting Using Zoom Meeting Software

The following members are requested to attend the meeting:

Chairman: Martin Carnell
Vice-chairman: Mike Hewitson

Robin Bastable
Mike Best
Dave Bulmer

Malcolm Cavill
Brian Hamilton
Paul Maxwell

Robin Pailthorpe
Jeny Snell

Any members of the public wishing to address the meeting at Public Question Time need to email democracy@southsomerset.gov.uk by 9.00am on Wednesday 13 May.

For further information on the items to be discussed, please contact democracy@southsomerset.gov.uk

This Agenda was issued on Tuesday 5 May 2020.

Alex Parmley, Chief Executive Officer

This information is also available on our website 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.

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.

Audit Committee

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. However during the coronavirus pandemic these meetings will be held remotely via Zoom video-conferencing. For more details on the regulations regarding remote/virtual meetings please see the Local Authorities and Police and Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 as part of the Coronavirus Act 2020.

Agendas and minutes of this committee are published on the Council's website at <http://modgov.southsomerset.gov.uk/ieDocHome.aspx?bcr=1>

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, install, 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.

Public participation at meetings (held via Zoom)

Public question time

We recognise that these are challenging times but we still value the public's contribution to our virtual meetings. If you would like to participate and contribute in the meeting, please join on-line through Zoom at: <https://zoom.us/join> You will need an internet connection to do this.

Please email democracy@southsomerset.gov.uk for the details to join the meeting.

The period allowed for participation in Public Question Time shall not exceed 15 minutes except with the consent of the Chairman and members of the Committee. Each individual speaker shall be restricted to a total of three minutes.

If you would like to address the meeting at Public Question Time, please email democracy@southsomerset.gov.uk by 9.00am on Wednesday 13 May 2020. When you have registered, the Chairman will invite you to speak at the appropriate time during the virtual meeting.

Virtual meeting etiquette:

- Consider joining the meeting early to ensure your technology is working correctly.
- Please note that we will mute all public attendees to minimise background noise. If you have registered to speak during the virtual meeting, the Chairman will un-mute your microphone at the appropriate time.
- Each individual speaker shall be restricted to a total of three minutes.
- When speaking, keep your points clear and concise.
- Please speak clearly – the Councillors are interested in your comments.

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>

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Audit Committee

Thursday 14 May 2020

Agenda

Preliminary Items

1. Minutes

To approve as a correct record the minutes of the previous meeting held on 23 January 2020.

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

Items for Discussion

5. External Audit Plan for 2019/20 (Pages 6 - 26)

6. Informing the Audit Risk Assessment 2019/20 (Pages 27 - 57)

7. Internal Audit Plan and Charter 2020-21 (Pages 58 - 76)

8. Civil Contingencies & Whistleblowing Update (Pages 77 - 79)

9. Health & Safety Update (Pages 80 - 84)

10. Financial Procedure Rules (Pages 85 - 111)

11. Audit Committee Forward Plan (Pages 112 - 113)

12. Date of next meeting (Page 114)

Agenda Item 5

External Audit Plan for 2019/20

Portfolio Holder: Cllr Peter Seib, Finance and Legal Services
Director: Nicola Hix (Support Services)
S151 Officer: Jo Nacey
Lead Officer: Nicola Hix
Contact Details: nicola.hix@southsomerset.gov.uk or

Purpose of the report

This report introduces Grant Thornton's Audit Plan for reviewing the Council's 2019/20 financial statements and our arrangements for securing value for money.

Recommendations

The Audit Committee is asked to note the Audit Plan for 2019/20.

Introduction

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

The plan provides an overview of the planned scope and timing of the statutory audit and the audit approach to be used in respect of the 2019/20 audit.

Financial Implications

The estimated fees outlined by Grant Thornton are £59,443 including grant certification, which are covered within existing budget for 2020/21.

Background Papers

None

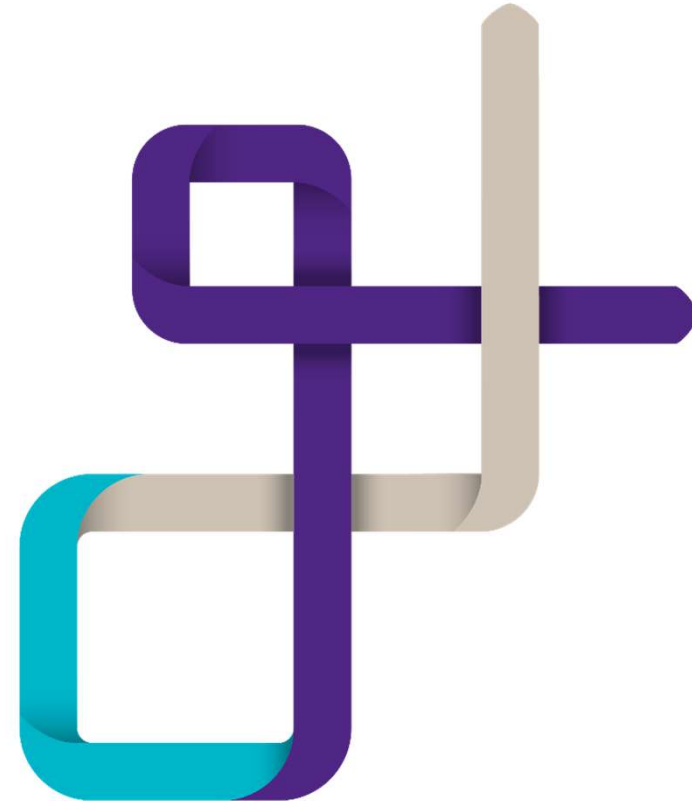
External Audit Plan

Year ending 31 March 2020

South Somerset District Council

26 March 2020

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Your key Grant Thornton
team members are:

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2. Key matters impacting our audit
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Appendix

- A. Audit quality – national context 16

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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1. 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.

Page 9 Significant risks

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

- Valuation of land and buildings
- Valuation of net pension fund liability
- Management override of controls

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), which equates to 2% of your prior year gross 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 £0.75m (PY £0.75m).

Value for Money arrangements

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

- Transformation Programme - Commercialisation
- Transformation Programme – Benefits Realisation

Audit logistics

Our interim visit has taken place in January and 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 £45,443 (PY: £42,443) 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.

2. 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. For the Authority, the transformation programme was fully completed earlier in 2019-20, with savings plans developed to offset the cost pressures resulting from reduced funding.

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

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Implementation of IFRS 16 - Leases

A new international financial reporting standard is being adopted by the CIPFA code for 2020/21 year ends.

Although the standard will not be adopted in the current year. There are additional disclosure requirements around the impact in the period.

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.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance and is subject to PSAA agreement.

We will assess the adequacy of your disclosure about the financial impact of implementing IFRS 16 – Leases from 1 April 2020 and test a sample of lease obligations to determine whether they have been accounted for appropriately under the new requirements.

4. 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	Reason for risk identification	Key aspects of our proposed response to the risk
Management override of controls	<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.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings and Investment Properties (Rolling revaluation)	<p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£53.7m Land and Buildings and £26.1m Investment Properties) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the Authority's asset register • evaluating 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 at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£75.596 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • agree the advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures. • obtain assurances from the auditor of Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.
The revenue cycle includes fraudulent transactions	<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"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including South Somerset District Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for South Somerset District Council.</p>

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 2020.

5. Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	<p>The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments.</p> <p>In accordance with IAS 8 and paragraph 3.3.4.3 of the Code disclosures of the expected impact of IFRS 16 should be included in the Authority's 2019/20 financial statements. The Code adapts IFRS 16 and requires that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the processes the Authority has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. • Assess the completeness of the disclosures made by the Authority in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC Local Authority Leasing Briefings.

6. 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 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 the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 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 material uncertainties, and evaluate the disclosures in the financial statements.

7. 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 expenditure for the year.

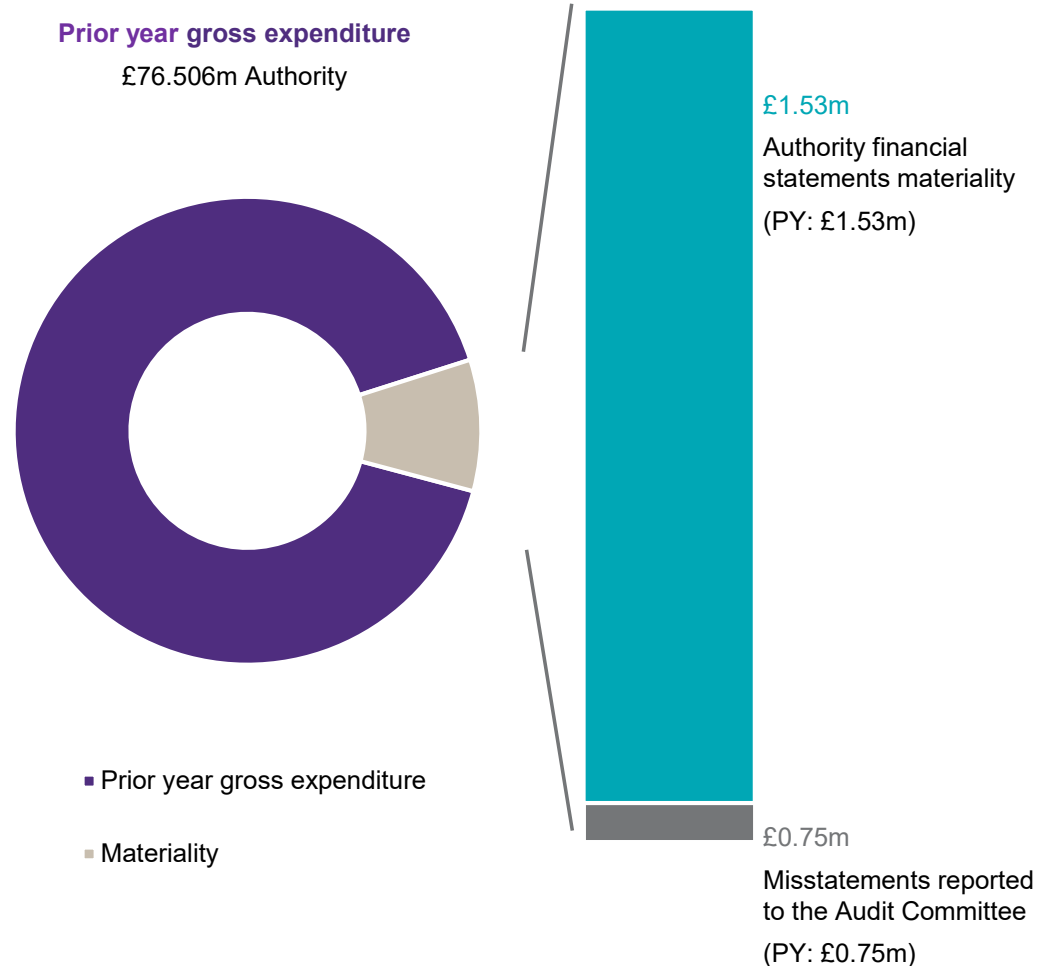
We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £20k Senior officer remuneration.

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 £0.75m (PY £0.75m).

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.



8. Value for Money arrangements

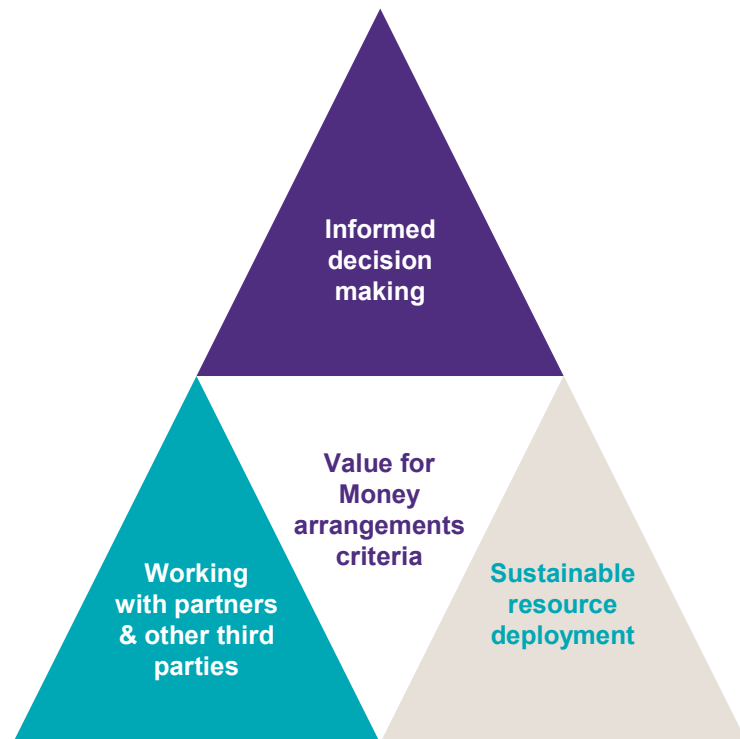
Background to our VFM approach

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:



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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

The council has recently completed implementing an ambitious programme transforming the organisation and its service delivery models, implementing a customer focussed, quality and efficient service in order to release savings into future years.

The commercialisation strategy of the council has resulted in investments in a range of commercial properties, a number of which are outside of the council's area. A recent report by the NAO has raised a number of concerns around Councils' investment strategies generally, and should be reflected upon by South Somerset. This report has clarified that local authorities should carefully consider investment decisions and ensure that proper consideration is given to the statutory powers they are relying upon in making investment decisions and considering the overall scale of investments compared to their size.

We will review business cases and investment performance reports to determine how the council's asset portfolio is performing and will review the council's plans to mitigate risks from any underperforming assets.



Transformation Programme – Benefits realisation

The council has just completed implementing an ambitious programme to redesign service delivery with the aim of ensuring a more customer focused, efficient process.

The council now needs to ensure that the services are running as intended and delivering the savings targets predicted. Inadequate realisations could lead to a risk of missed savings targets, which may in turn impact the council's ability to deliver services.

We will review the outcomes of the transformation programme to evaluate those that are not implemented as intended.

9. Audit logistics & team



Barrie Morris, Key Audit Partner

Barrie leads our relationship with you and is a key contact for the Chief Executive, Director of Finance and the Audit Committee. Barrie takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Beth Garner, Audit Manager

Beth's role involves overseeing the day to day planning and execution of the audit, ensuring the audit requirements are fully complied with and producing reports for the Audit Committee. She will respond to ad-hoc queries whenever raised and meet regularly with the Director of Finance and members of the finance team.



Joanne McCormick, Audit Incharge

Joanne's role is to co-ordinate the on-site delivery of audit tasks through her own work and that of junior team members. She liaises with the finance team throughout audit visits and will keep them up to date on progress and any issues arising throughout the year.

Client responsibilities

Where 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. 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 to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, 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.

10. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019/20 at the planning stage, as set out below and with further analysis overleaf, has been agreed with the interim section 151 Officer and is subject to PSAA agreement.

	Actual Fee 2017/18	Actual Fee 2018/19	Proposed fee 2019/20
Council Audit	£49,276	£42,443	£45,443
Total audit fees (excluding VAT)	£49,276	£42,443	£45,443

Assumptions:

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	37,943	
Raising the bar	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	1,750	We have therefore increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
Revised scale fee (to be approved by PSAA)	45,443	

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11. 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 the Housing Benefit Subsidy Claim 2018-19	14,000	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 £14,000 in comparison to the total fee for the audit of £45,443 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.

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. All services have been approved by the Audit Committee. 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.

The firm is committed to improving our audit quality – please see our transparency report - <https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/annual-reports/interim-transparency-report-2019.pdf>

Appendices

A. Audit Quality – national context

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Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.



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Grant Thornton

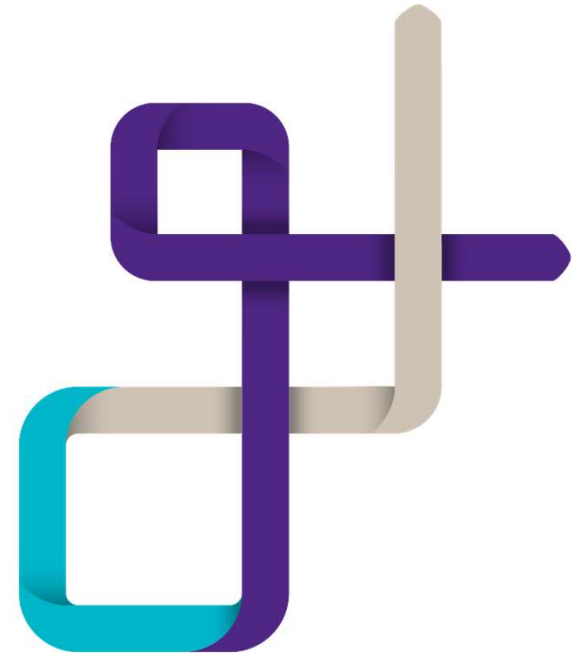
External Audit Plan update

Year ending 31 March 2020

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South Somerset District Council

22 April 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of South Somerset District Council ('the Authority') as reported in our Audit Plan dated 26 March 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid – 19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic. • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations, valuation of investments, and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence

Agenda Item 6

Informing the Audit Risk Assessment 2019/20

Portfolio Holder: Cllr Peter Seib, Finance and Legal Services
Director: Nicola Hix (Support Services)
S151 Officer: Jo Nacey
Lead Officer: Nicola Hix
Contact Details: nicola.hix@southsomerset.gov.uk

Purpose of the Report

This report informs the audit committee of the important areas of the auditor risk assessment that the Council's external auditors are required to make to the management team under auditing standards.

Recommendations

That the Audit Committee are asked to:

- (a) review management responses to the questions ensuring that they are consistent with the committees understanding.

Background

The report from Grant Thornton, the Council's external auditor, is provided as part of the responsibilities that auditors have in respect of communicating information to the Audit Committee under International Standards on Auditing (UK) (ISA(UK)).

The Audit Risk Assessment report provides the committee with details of the risk assessment undertaken by the external auditor for 2019/20, the areas of focus and the responses to the questions posed to management.

The report is part of the continual dialogue between the external auditor and the committee with the aim being to assist the auditors and the committee in understanding matters relating to the annual audit and to build on the working relationship between both parties.

The continual communication also enables the auditor to obtain information relevant to the audit from the committee and supports the committee in fulfilling its responsibilities in relation to the financial reporting process

Financial Implications

1. None for the purposes of this report.

Background Papers

None

Informing the audit risk assessment for South Somerset District Council 2019/20

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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 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 your business or any 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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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Grant Thornton's external auditors and South Somerset District Council Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK) (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from South Somerset's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2019/20?	<p>Further investment property acquisitions have been completed during 19/20.</p> <p>Contingent liability ref NHS Foundation Trust appeal. If successful, the cost would be significant. However, the NHS Foundation Trusts have failed in their claim for the refunding of business rates back to 2012, their argument being that they should have qualified for a discounted rate on the basis of charitable status. The appellants notice of application for leave to appeal was filed and served on Monday 24.2.2020. The court will decide when the application will be considered.</p> <p>Preparation for IFRS16 implementation in 2020/21 will also feature.</p> <p>Disclosures in respect of the Business Rates Pool to be considered - a significant pool/pilot surplus distribution was achieved which, in line with previous years, has been appropriated to the BRR earmarked reserve/Regeneration reserve.</p> <p>Once off funding for transition posts linked to transformation will be reflected in the CIES.</p>
2. Have you considered the appropriateness of the accounting policies adopted by South Somerset? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>There are no material changes to the accounting policies in 2019/20. However, the accounting policies have been updated for changes in accordance with IFRS16.</p> <p>Policies are also assessed to reflect accounting standards updates.</p> <p>An assessment will be made during the preparation of the 2019/20 statement of accounts as to whether there are any material contracts to be disclosed.</p>
3. Is there any use of financial instruments, including derivatives?	SSDC use financial instruments but not derivatives, in line with its agreed Treasury Management Strategy and policies.
4. Are you aware of any significant transaction outside the normal course of business?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No. The Council carries out a sound process to assess any need for impairment of assets for the annual accounts.
6. Are you aware of any guarantee contracts?	No (assuming this relates to guarantees in respect of third party liabilities / obligations)
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by South Somerset District Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The council uses a mix of in-house and external solicitors for its legal advice. During 2019/20 external legal advice (largely in relation to commercial investment purchases) has also been obtained from: Tozers, Shape Legal Partnership, Burges Salmon, Veale Wasborough Vizards, Bevan Brittan, Hoey Ainscough, Anthony Collins, Shoosmiths, Stephens Scown, Womble Bond Dickinson, Pardoes, TLT, Ashfords, Trethowans, Moore Blatch, Steele Raymond and Thring.
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Council has used a range of advisors during 2019/20 including: <ul style="list-style-type: none"> • Arlingclose: treasury advisor • PSTAX: VAT and other taxation advice • Luciel Ltd: Council Plan, FOLGIS • Alliance Leisure Services Limited – Chard Leisure Centre • Element Urbanism LLP – Chard Regeneration Scheme • Bloom Procurement Services Ltd – Yeovil Refresh • Mott MacDonald Ltd – Yeovil Crematorium • RPT Consulting Ltd – Leisure contract procurement

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As South Somerset's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Risk & Assurance Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from South Somerset District Council's management.

Fraud risk assessment

Question	Management response
<p>1. Have South Somerset District Council assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Yes. Budget holders monitor spend and income. These budgets are also reviewed by the Council's finance specialists as part of budget monitoring which includes looking for any possible fraudulent activity.</p> <p>Fraud is also assessed as part of the Internal Audit Plan. The Audit Committee approves the risk-based annual audit plan (constructed by SWAP, SLT & S151) and prepares audits to consider possible areas where fraud may be a risk.</p> <p>The authority has an approved Fraud Strategy that is approved, monitored and reported through the Audit Committee. The Council also participates in the NFI scheme. Resources to investigate fraud are reduced following the transfer of staff to SFIS and a Lead Specialist post currently vacant. Future options are currently being explored. The Council also employs an Enforcement Officer within the various service areas who undertake work to tackle abuse of public funds.</p> <p>All reports to District Executive include a double "risk matrix" to ensure that members are aware of the financial risks of making a decision. All capital bids outline risks and how those risks can be mitigated.</p> <p>The annual budget is risk assessed and reported, and then monitored as part of the revenue and capital budget monitoring process. Key projects such as the refurbishment of Yeovil Crematorium have individual risk registers which will include financial risks as appropriate.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>It is considered that cash, contracts and benefits / tax reliefs are most likely areas of risk.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole or within specific departments since 1 April 2019?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>No. SLT is responsible for leading on Corporate Governance. SLT comprises the CEO, Directors, S151 Officer and Monitoring Officer. All audit reports are taken to SLT for discussion when they are received by the Manager & Director. The SWAP Assistant Director is invited to SLT on a quarterly basis to discuss and report on governance and risk issues including audit plan progress. All audit reports are taken to SLT for discussion. The CEO, S151 and MO also meet regularly with Grant Thornton. The Annual Governance Statement is reported to SLT and Audit Committee outlining any serious breaches. The S151 Officer oversees the support to Audit Committee undertaken by one of the Council's Finance Specialists. A regular Risk Management update is provided to Audit Committee.</p>

Fraud risk assessment

Question	Management response
4. Have you identified any specific fraud risks? Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within the Council where fraud is more likely to occur?	No No Westlands and the Octagon where there are high volumes of cash transactions could be deemed to be higher risk but controls are in place to manage this.
5. What processes do the Council have in place to identify and respond to risks of fraud?	SSDC is committed to operating in ways which make fraud more difficult to commit, more likely to be detected, and more certain to be punished. Accordingly, the Fraud and Data team work to solidify the Council's counter fraud culture through preventative initiatives, such as organising counter fraud audits, and installing documents designed to reduce exposure to fraud. One such document is the recently approved 'SSDC Counter Fraud, Theft and Bribery Strategy'. It is the centre piece of the Council's counter fraud framework, and explicitly sets out the arrangements that are in place for deterring, preventing, detecting and punishing all forms of fraud which could affect the Council's finances and assets.
6. How would you assess the overall control environment for the Council, including: the process for reviewing the effectiveness the system of internal control; internal controls, including segregation of duties; exist and work effectively? If not where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	As part of the revised operating model, in many cases there are now further officers involved in the budget monitoring process. Budgets that are delegated from Directors, are the responsibility of Service Managers. Lead Specialists or Specialists do not have budget responsibility but in most cases contribute to budget monitoring by attending regular budget meetings with the Service Manager and Finance Specialists. The Finance Specialists work closely with the budget holders analysing large value transactions. Managers are responsible of signing off individuals travel etc. There remains a separation of duty between the Specialists and Case Officer posts which are monitored as part of the controls audited by SWAP. Many of the processes are system controlled, particularly in relation to the financial processes. Key areas of risks are covered by internal audit. Any serious findings are reported to the Audit Committee. Reliance on audit reports and the Annual Governance Statement which includes officer annual declarations which cover internal control. Internal Audit provides a cyclical effectiveness review which will be reported to the Audit Committee.
7. Are there any areas where there is potential for misreporting?	No. Finance Specialists work closely with budget holders on analysing financial transactions within the financial statements. All Finance Specialists behave with integrity, demonstrate strong commitment to ethical values and respecting the rule of law.

Fraud risk assessment

Question	Management response
<p>8. How does the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>SSDC Code of Conduct and other policies are all held on the staff portal for all staff to view. An essential part of an effective counter fraud culture is ensuring that all personnel affiliated with the work of the Council abide by the Counter Fraud policies in place. As part of this, it is vital that all personnel know the appropriate way to disclose a suspicion of misconduct, whether it involves staff, members, contractors or third parties. For this reason, the Council's former Counter Fraud Policy and Whistleblowing Policy are currently undergoing extensive revision. This will ensure that both the appropriate reporting channels and the authorities involved in dealing with the allegations are known to all.</p> <p>Each member and officer of the Council is responsible for countering fraud to safeguard corporate standards, meaning that everyone affiliated with SSDC has a duty to ensure:</p> <ul style="list-style-type: none"> • their own behaviour is beyond reproach and in accordance with best practice • they follow all policies, procedures and controls laid down to prevent, detect, investigate and punish fraud, according to the Council's Constitution • they report to the appropriate officer any instance where they suspect, or are aware of any person(s) behaving improperly, as well as communicating any reasonable suspicions they may have that the Council's systems may be open to fraud or abuse of another kind. <p>As part of this, it is vital that all personnel know the appropriate way to disclose a suspicion of misconduct, whether it involves staff, members, contractors or third parties. All employees are periodically reminded of the whistleblowing policy and all staff are expected to sign related party transaction declarations on an annual basis.</p> <p>No</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>SLT and LMT are the higher risk posts as they have a high level of control at this level. All employees are assessed through the A&A framework, with open and honest, and trust being key components, which are measured at assessment, considered at PDP stage and even are the pillars of our recognition scheme.</p>

Fraud risk assessment

Question	Management response
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No – but the Council's constitution requires members to declare any such interests and where appropriate withdraw. Senior decision making officers are also required to declare any related party transactions. Segregation of duties involved in transactions, and line management reporting to ensure no collusion between those people who are personally connected.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>The responsibility for the investigation of actual or suspected fraud now lies with the Section 151 Officer, Monitoring Officer, and SWAP which can be reported via the Council's Whistleblowing policy.</p> <p>The council has a robust risk management process which requires managers to manage all risks within projects and services with escalation to the strategic risk register (where appropriate) which is reviewed regularly by SLT. All reports to committees require financial and legal implications to be identified and include a template for financial and legal implications and risks to be identified.</p> <p>The Audit Committee receives regular reports from internal audit, external audit and the CFU and the responsibility for reviewing the Code of Corporate Governance, Counter Fraud and Anti-Corruption policies sits with the Audit Committee.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None received by the S151 Officer or Monitoring Officer</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>None received by the S151 Officer or Monitoring Officer</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that South Somerset District Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Key changes in legislation drawn to SLT attention by Statutory Officers and Specialist Team Leaders. Managers and team leaders are expected, by virtue of their job descriptions and personal professional development requirements, to keep up to date and comply with laws and regulations as they apply to their duties and those of their teams.</p> <p>Key changes in the law are considered by SLT and, for any legislation that has a significant impact on the functions of the Council, working groups are set up and implementation plans prepared. Any potential non-compliance is reported to the District Executive and an action plan put in place. The Annual Governance Statement also identifies areas of concern and areas for improvement.</p> <p>Not aware of any significant changes to regulatory environment.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Through the Annual Governance Statement which identifies areas of concern and areas for improvement. In addition, each senior and service manager provides an annual assurance statement.</p> <p>In addition, training sessions are used to explain new legislation (e.g. GDPR). Where the changes would have a significant impact on the Council they will appear on the corporate risk register which is available. Any accounting requirements are explained at the annual workshop to help understand the accounts.</p> <p>For any specific cases a special report is prepared for the Audit Committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?</p>	<p>No</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	<p>The Council's legal team work with SLT and the relevant LMT Officers when any potential claims or litigation are identified; it also provides the S151 Officer with details of any litigation or claims for inclusion within the financial statements.</p> <p>The Council has a customer complaints process which aims to resolve issues before they escalate. Through its risk management procedures, there are the recording of any risks of litigation or claims either within service areas or corporately.</p> <p>The Council has processes in place to manage significant contracts any issues can be raised and managed with the aim of minimising litigation or claims. Contract performance is monitored by the use of management information including key performance indicators.</p>
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No

Going Concern

Issue

Matters in relation to going concern

ISA (UK) 570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
<p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for South Somerset District Council? What was the outcome of that assessment?</p>	<p>At the present date, the annual government statement for 2019/20 has not yet been produced. This statement is normally constructed in March / April and therefore will be available shortly.</p>
<p>2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Council's financial information provided to the Audit Committee throughout the year?</p>	<p>The AGS will incorporate both the Council Plan and the Financial Strategy. The medium-term financial strategy is updated annually and reflects a four-year assessment of the Council's spending plans and associated funding. Performance against the Medium Term Financial Plan is monitored quarterly through the budget monitoring process. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the council's capital programme, as well as the management of short-term debt and investments.</p>

Going concern considerations

Question	Management response
3. Are the implications of statutory or policy changes appropriately reflected in the Council's financial forecasts and report on going concern?	Once the report is written, should any of these be identified then these would be picked up in the report.
4. Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	No there have not been an significant issues raised during 2019/20.
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance?	No there have not been any adverse financial indicators.

Going concern considerations

Question	Management response
<p>6. Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Council's objectives? If not, what action is being taken to obtain those skills?</p>	<p>The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Monitoring Officer and the Section 151 Officer in addition to the current political arrangements. The S151 Officer role was externally sourced for a substantial part of the year and the Monitoring Officer role is currently sourced externally.</p> <p>It is envisaged that the Council have sufficient employees in place to deliver its objectives. With its existing operating model, employees can be moved around to meet the needs of business. Where additional projects are agreed, staff requirements are factored in where necessary in order for the Council's operations and projects to be managed effectively.</p> <p>The Council recognises the value of considering different service delivery options in delivering our Council Plan. The effective commissioning and procurement of goods, works and services is therefore of strategic importance to our operations, while robust contract management helps to provide value for money and ensure that outcomes and outputs are delivered.</p>
<p>7. Does the Council have procedures in place to assess their ability to continue as a going concern?</p>	<p>As a local authority the Council has to operate within a highly legislated and controlled environment. For example, the requirement for a balanced budget each year combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. This is independently written by the Section 151 Officer.</p> <p>In addition to the legal framework and central government control there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.</p>

Going concern considerations

Question	Management response
8. Is management aware of the existence of events or conditions that may cast doubt on the Council's ability to continue as a going concern?	It is not envisaged there will be any significant issues raised in this report.
9. Are arrangements in place to report the going concern assessment to the Audit Committee ? How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?	The Senior Leadership Team, comprising the Chief Executive, Directors, Section 151 Officer and Monitoring Officer, will review the draft AGS for 2019/20 Statement in April 2020. The review will also require support by the Council's Chief Internal Auditor. The AGS will then be taken to Audit Committee for approval in July 2020. The Council publishes the Annual Governance Statement on its website alongside the annual Statement of Accounts.

Related Parties

Issue

Matters in relation to Related Parties

South Somerset District Council are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over South Somerset;
- key management personnel, and close members of the family of key management personnel, and
- A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Auditors perspective but material from a related party viewpoint then South Somerset District Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Relating Parties

Question	Management response
1. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships ?	All of SLT and LMT, and any other significant officers are required to complete an annual related party disclosure form which are compiled as part of the year end financial statements. These are then reviewed by the S151 Officer and reported to SLT where necessary.

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

South Somerset District Council apply appropriate estimates in the preparation of their financial statements. ISA (UK) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Combined Authority identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Combined Authority is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	The non-domestic (NDR) appeals provision for the 2010 list has been estimated based on past experience of successful appeals and other RV reductions, and actual success rates and reductions may differ from the estimate. The process was altered from 1 April 2017 for the 2017 list. We have used the check and challenge data and resulting subsequent adjustment to date to provide for the provision for the 2017 list using our professional judgement.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes, all the management arrangements listed are correct.
3. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	A Financial Statements training session is held with all members of the Audit Committee prior to the financial statements being taken to Audit Committee for approval. This same Committee have also received direct training from Arlingclose on our Treasury Investments. When the accounts are presented at Committee, we will highlight any accounting estimates and a clear explanation given where necessary.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant & equipment valuations	Fair value for land/buildings defined as 'existing use' by the Council.	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. For land and buildings all material assets will be considered in 2019/20.	Internal valuer	Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion.	No
Estimated remaining useful lives of PPE	Each part of an item of property, plant and equipment with a significant cost in relation to the total cost is depreciated separately. Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.	See left box	Discussion with internal asset team and where applicable any external valuer.	Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation and Amortisation	See above	See above	See above	See above	No
Impairments	Review of all assets undertaken annually in line with policy.	See left.	Discussion with internal asset team as appropriate.	N/A.	No.
Measurement of Financial Instruments	Financial instruments consist of investments (Collective Investment Fund (CIF)). Measured initially at cost and subsequently at amortised cost using the effective interest method.	Knowledge by the Investment team who manages the CIF portfolio in assessing the potential risk in credit losses.	Fund advisers	The CIF portfolio is assessed on an individual borrower for its expected credit losses using: i) Probability of default ii) Loss of given default	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are identified through detailed monthly management accounts which flags any potential issues to management.	Each provision is separately reviewed by financial accounts and a working is put together to support the calculation.	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No.
Bad Debt Provision	Debts are reviewed monthly where possible, and any debts that are deemed to be irrecoverable are written off.	Knowledge by the Accounts Receivables team in likelihood of recoverability and the aging of the debts.	N/A	N/A	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	N/A.	N/A.	No.
Non Adjusting events – events after the balance sheet date	Monthly management accounts prepared would flag any adjusting/non-adjusting events.	See left.	N/A.	N/A.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension Fund (LGPS) Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial expert. These figures are based on making % adjustments to the closing values of assets/liabilities.	The Council responds to queries raised by the administering body.	The Council are provided with an actuarial report by Barnett Waddingham (LGPS).	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.



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Agenda Item 7

Internal Audit Plan and Charter 2020-21

Head of Service: Dave Hill, 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 2020/21 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 2020/21 that requires the approval of the Audit Committee. This plan will require further changes once a more in-depth evaluation has been carried out on the impact of Covid-19 and therefore will remain a flexible plan to deal with shifts in priorities or new and emerging risks. Any changes to the plan will be reported to this Committee.

Recommendations

- 1) That the Audit Committee approve the Internal Audit Plan for 2020/21 (Appendix 1 in the attached document)
- 2) The Audit Committee approve the Internal Audit Charter (Appendix 2 in the attached document)

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

South Somerset District Council

Proposed 2020-21 Internal Audit Plan and Internal Audit Charter

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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 2020/21 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 Leadership 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 2020/21

The factors considered in putting together the 2020/21 internal audit plan have been set out below:



Due to the pace of change within Local Authorities and now the impact from Covid-19, 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 be embracing short-term prioritisation with regular review/updates to the audit plan to mirror the changing pace of risk and assurance needs. The plan for quarter 1 will remain flexible as risks and needs change. 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 the Senior Leadership Team 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 2020/21 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. We are undertaking an on-going risk assessment throughout quarter 1 embracing short-term priorities as the risk environment changes.

Below we have set out a summary of the outcomes of the risk assessment for South Somerset District Council pre Covid19:



Note: Risk assessment will be updated post Covid-19 lockdown for a revised plan for the remainder of 2020-21.

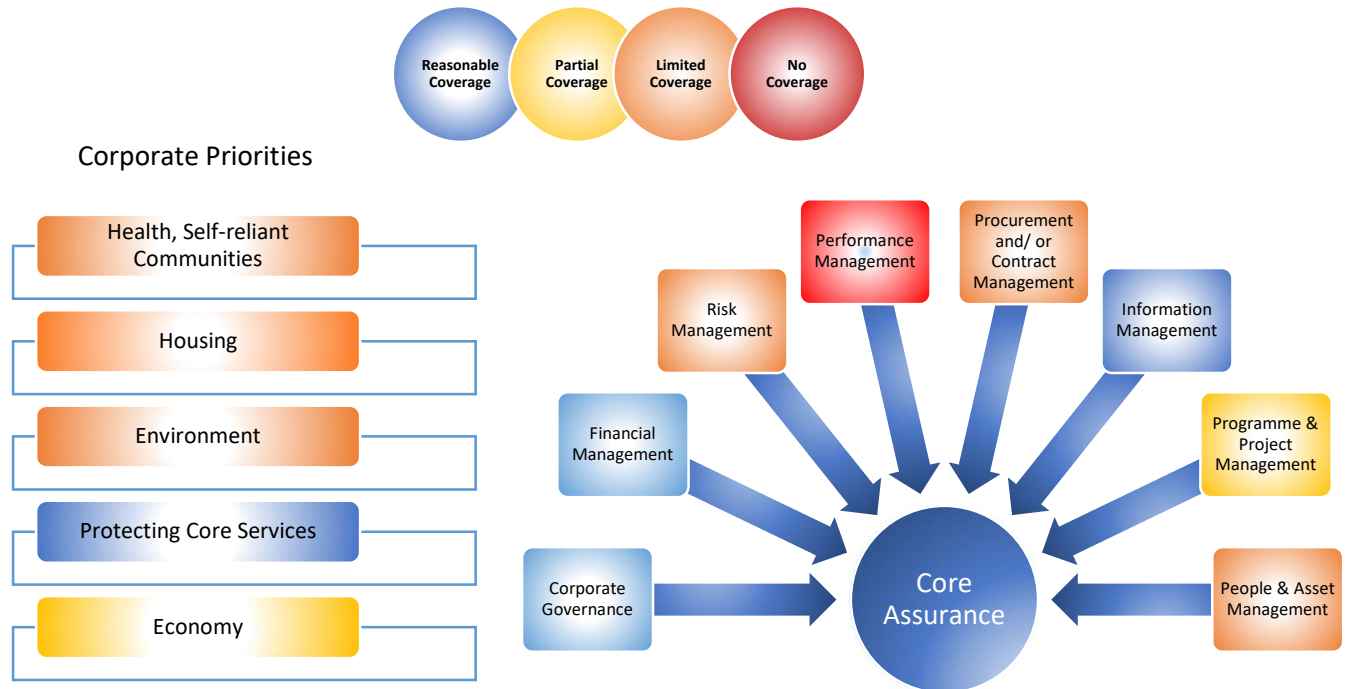
The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment above, we have set out how the proposed 20/21 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 2020/21

Following our SWAP risk assessment (pre-Covid-19), 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 2020/21 internal audit programme of work will be equivalent to 334 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

Adam Williams, Principal Auditor – Adam.williams@SWAPaudit.co.uk

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 February 2020 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

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**

management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

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
<u>Delivery of Annual Internal Audit Plan</u> Completed at year end	>90%*
<u>Quality of Audit Work</u> 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%
<u>Outcomes from Audit Work</u> 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%

*Subject to impact of Covid-19

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.

Due to the outbreak of Covid-19, the audit plan for 2020/21 has to remain flexible. Therefore, the following audits are those that can be carried out in quarter one with minimal impact on the delivery of frontline services and agreed with the Senior Leadership Team. The Quarter 1 plan will remain flexible and focus on short-term prioritisation and regular review/updates to the audit plan to mirror the changing pace of risk and assurance needs. This work is still on-going.

Outline Quarter 1 subject to change

Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register (if applicable)
<p>Governance, Fraud & Corruption: <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></p>					
Project Governance - Regeneration Projects	SSDC have a number of regeneration projects in progress Assurance will be provided around the governance of these programmes as substantial sums of money is and will continue to be spent. The review will look at how the project is being directed and controlled and adherence to appropriate project management arrangements for successful delivery of the aims and objectives.	1	Economy	Programme & Project Management	Poor execution of Projects
Boden Mill & Chard Regeneration Scheme Accounts	Annual Audit to check statement of accounts for this scheme have been accurately produced against the budget monitor spreadsheet.	1	Economy	Financial Management	Programme budget overspends/higher than anticipated costs
Yeovil Cemetery & Crematorium Annual Accounts	Annual Audit to check the accounts for the Cemetery & Crematorium	1	Protecting Core Services	Financial Management	Programme budget overspends/higher than anticipated costs

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Audit Name	Areas of Coverage and Brief Rationale	Quarter	Link to Corporate Outcome	Healthy Organisation Theme	Link to Corporate Risk Register (if applicable)
ICT/Information Management: <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>					
ICT Governance and Risk Scope Review	<i>The ICT Governance and Risk Scope Review enables SWAP to react to recent major changes in ICT Enterprise, Infrastructure and Service Delivery across our partners. The capability within our partners to deliver technology has been driven by local government re-organisation, the installation of joint venture arrangements, the withdrawal from outsourced provision and the move towards cloud-based architecture, particularly for storage, contingency and business led applications. All of these have resulted in a differing focus for lead officer for ICT both in terms of governance, and resource in staff and money available to them.</i>	1	Protecting core services	Information management	N/A
Follow-up: <i>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.</i>					
Combined Follow Up	<i>Follow up of incomplete recommendations from 2019/20 follow ups to provide assurance to audit committee they have now been completed. Financial resilience and lone working must be included,</i>	1	Protecting core services	Corporate governance	N/A
Planning, Advice and Support					
	<i>Time for additional small-scale work, ad hoc advice committee reporting & attendance, planning and client liaison meetings. Focus currently on continuous assurance work around key financial systems and support on performance information.</i>	1-4	N/A	N/A	N/A

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Quarters 2,3,4

The remainder of the proposed audit plan for 2020/21, covering quarters 2, 3 and 4, is set out below; however, this will be dependent on a revised risk assessment towards the end quarter 1 on changing priorities and SLT approval. Any changes will be communicated to the Audit Committee for agreement.

Audit Name	Areas of Coverage and brief Rationale	Quarter	Corporate Outcome	Organisation Theme	Risk Register (if applicable)
<p>Key Control: 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.</p>					
<p>Council Tax & NNDR</p>	<p>Audit completed in 2019/20 was awarded partial assurance. This area is being covered again to ensure recommendations are being actioned and improvements have been seen. Weaknesses identified in the lack of review of officer work, discounts and exemptions and suppressed accounts. These controls need to be in place to ensure correct billing and amendments are made and income can be collected.</p>	<p>3</p>	<p>Protecting Core Services</p>	<p>Financial Management</p>	<p>Missed funding/ income</p>
<p>Creditors</p>	<p>This review will seek to ensure key controls, such as Authorisations, master data controls, direct debit, access to the system, VAT, etc. is appropriately controlled. A new process which starts from the 'need to acquire/purchase' through to 'payment being made' rather than the previously agreed purchase order process is being rolled out from April 2020.</p>	<p>3</p>	<p>Protecting Core Services</p>	<p>Financial Management</p>	<p>Challenge to integrity of the financial system</p>
<p>Housing Benefits</p>	<p>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. Partial assurance awarded in 2019/20.</p>	<p>3</p>	<p>Protecting Core Services</p>	<p>Financial Management</p>	<p>Statutory duties not being carried out</p>
<p>Budget Planning & Monitoring</p>	<p>Budget planning and monitoring is a fundamental key control across any organisation. Previously budget controls have been covered as part of our Main Accounting review. In order to provide greater depth and challenge to the planning and monitoring processes a separate review will be undertaken. Changes in organisation structure and budget responsibilities increases the risk in this area.</p>	<p>3</p>	<p>Protecting Core Services</p>	<p>Financial Management</p>	<p>Inability of the Council to achieve a balanced budget</p>

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Audit Name	Areas of Coverage and brief Rationale	Quarter	Corporate Outcome	Organisation Theme	Risk Register (if applicable)
	<i>There are budget holders with a substantial value budgets so effective monitoring is important.</i>				
Governance, Fraud & Corruption: <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>					
Ethical Governance	<i>Ethical governance is defined as a set of processes, procedures, cultures and values designed to ensure the highest standards of behaviour. This review would seek to confirm that processes, procedures, culture and values are aligned to the Nolan Principles and working effectively in SSDC. Covers both members and officers. We will also cover the trading company within this review, including their anti-bribery policy, etc.</i>	4	Protecting Core Services	Corporate Governance	Failure to achieve required cultural change across the council
Income Generation - service improvements	<i>As part of the Commercial Strategy there is a 5% yield increase required across the council services and a new income target of £250k. When we audited the strategy in 18/19 this area was still in development. Now progress has moved on this review will provide an insight to how well progress is being made against the targets. Looking at Improvement of services, cost saving and introduction of new income generating services. Deferred from 2019/20 so needs to be reviewed in 2020/21</i>	2	Economy	Financial Management	Inability of the Council to achieve a balanced budget
Yeovil Innovation Centre (YIC) Phase 2	<i>A review of the processes and procedures in place would be beneficial and an assessment of the project management and financial managing of the budget should provide assurance as to how well this is progressing. No sinking fund had been in place for building upkeep, although this has now been created in 2019/20. This review will provide an overview of performance against the business plan and collection of Business Rates against those using the YIC.</i>	4	Economy	Programme & Project Management	Programme budget overspends/higher than anticipated costs
Procurement - Leisure Contract	<i>Procurement has not been looked at for over 5 years. The organisation has been through a restructure with a new procurement manager who has been in post for 18 months so new processes should be in place and working.</i>	2	Protecting core Services / Healthy, Self-reliant Communities / Economy	Commissioning & Procurement	Failure to comply with corporate procedures

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Audit Name	Areas of Coverage and brief Rationale	Quarter	Corporate Outcome	Organisation Theme	Risk Register (if applicable)
Risk Management	<i>Time spent in 2018-19 & early part of 2019-20 supporting the development of the Risk Management Framework. With Risk Management fundamental to good governance this review would seek to ensure the new framework is operating effectively and as intended within the RM Strategy.</i>	4	Protecting core services	Risk Management	Failure to comply with corporate procedures
Commercial Investments	<i>Commercial investments continue to be made by the council with significant member and public interest. The agreed budget for investments has been increased to £150m. Due to the value of investments being this should be looked at regularly. Rates of return at the point of making the decision are good but need to assess what's actually being received and how finances are being accounted for.</i>	3	Economy	Financial Management	Initiation of projects that are either unviable or not worthwhile
Somerset Districts Cooperation/collaboration FOLGIS	<i>The threat from Unitary hangs large on the horizon. Somerset Districts have agreed to ensure closer working together. With growing momentum at a national level for local government reorganisation and a report indicating that savings and improvements are available to the Councils, "no change" is undesirable for all Councils. Time to support collaboration programs.</i>	4	Protecting Core Services	Financial Management	N/A
Climate Change	<i>Across all Somerset Councils. Strategy likely to be agreed in September 2020 and the audit will likely focus on the actions plans from the strategy to give assurance that they are progressing as agreed.</i>	4	Environment	Corporate Governance	N/A
Transformation					
Transformation close down	<i>Transformation is to be closed down during this year. Lessons learned to be assessed, along with benefits identified, have they been achieved, Capacity of the Council, is this in the right places. Benefits work in 2019-20 will assess current position, but the organisation needs and pressures have moved on since the original business case.</i>	2	Protecting core services	Programme & Project Management	NWOW is not delivered as planned

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Audit Name	Areas of Coverage and brief Rationale	Quarter	Corporate Outcome	Organisation Theme	Risk Register (if applicable)
Civica Digital systems review	<i>Transformation was to include new digital software to deliver the efficiencies required to allow for the reduction in staffing made. These have not yet been delivered in full. A review of the progress made and the plans in place to complete this would provide members with assurance that the required efficiencies are coming as the additional resource funded will not last the whole financial year in most cases.</i>	1-2	Protecting core services	Information Management	Booking system isn't delivered Damage to SSDC/Civica relationship Failure to achieve uptake of digital channel shift and NWOW not brought into by customers
ICT/Information Management: <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>					
Cyber Security Framework Review	<i>The Cyber Security Framework Review is made up on 20 key controls using a high-level approach to compliance testing is undertaken as part of the audit. Although it is appreciated that the review does not constitute a full assurance-based audit, it provides the background for a fully resourced and focussed risk based cyber security audit programme that adds value to be undertaken at a later date based on risk.</i>	2	Protecting core services	Information Management	Data and information breaches or losses
Digital Strategy and Transformation	<i>The reviews surrounding Digital Strategy and Transformation will be risk-based assurance reviews. A standard work programme is currently being revised to match the agreed outcomes of digital ensuring that the outcomes. Other key risks include digital exclusion, unproven channel shift failure to undertake user experience/user interaction (UX/UI) processes, and a failure of the digital programmes to engage with other services including ICT. Technology underpins digital, it does not drive it.</i>	2	Protecting core services	Information management	N/A
Operational: <i>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.</i>					
S106 & CIL	<i>Has been deferred the last 2 years. Needs to be looked at. Responsibility for managing this is split across accountancy, localities, planning and legal for various elements. Need to assess if this is the best solution to achieve value for money and</i>	2	Housing	Financial Management	Failure to comply with corporate procedures

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Audit Name	Areas of Coverage and brief Rationale	Quarter	Corporate Outcome	Organisation Theme	Risk Register (if applicable)
	<i>ensure it is used by the set dates. Audit will need to cover the 3 year period where we were unable to audit this area and not just focus on the most recent areas.</i>				
Homelessness	<i>With the increase in homelessness across the country it is important to check how the council is managing their homelessness problems and identify how well this is managed. An increase in homelessness also increases the cost in dealing with this, how is this being managed. Changes in legislation in this area within the last couple of years with the Homeless Reduction Act.</i>	2	Housing	Corporate Governance	Failure to comply with corporate procedures
Follow -up: <i>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.</i>					
Information Governance GDPR	<i>This is likely to go partial as issues are being identified therefore a follow-up will be required This is likely to go partial as issues are being identified therefore a follow-up will be required</i>	4	Protecting core services	Information management	Data and information breaches or losses
Planning, Advice and Support					
	<i>Time for additional small-scale work, ad hoc advice, time to support Anti-Money Laundering arrangements, committee reporting & attendance, planning and client liaison meetings.</i>	1-4	N/A	N/A	N/A

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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 27th 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 26th March 2020*.

Provision of Internal Audit Services

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). 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 organisation, 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 organisation'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 Organisation'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, Audit Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP has:

- the support of management and the organisation; and
- direct access and freedom to report to senior management, including the Chief Executive and the Audit Committee.
- Notification of suspected or detected fraud, corruption or impropriety.

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

¹ In this instance Management refers to the Senior Management Team and Statutory Officers.

*Subject to approved in March 2020

Audit Committee²

The Audit Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

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 mandatory elements of 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 the organisation 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 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 the organisation 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 South Somerset District Council.

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 of the organisation.

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

² In this instance Audit Committee relates to "The Board" referred to in the PSIAS.

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, 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 and communication 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 organisation 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 the organisation 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, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary.
- 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 the work.
 - 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 or as agreed. 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 South Somerset District 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 organisation's Chief Executive Officer or the External Audit Manager.

Revised March 2020

Agenda Item 8

Civil Contingencies & Whistleblowing Update

Director: Netta Meadows (Service Delivery)
Lead Officer: Netta Meadows, Director (Service Delivery)
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

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

Background

In 2019 SSDC adopted a new approach for dealing with the out of hours calls to improve efficiencies with the process and of our preparedness for civil contingency emergencies.

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 assist. They then contact 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. The Service Agreement was updated in October 2019 to clarify the scope of response and ensure that only calls for emergency civil contingencies and for unsafe structures that present a risk to the safety and welfare of members of the public are routed through to the duty officer(s).

Civil Contingency Emergencies

The Civil Contingencies Act 2004 identifies Local Authorities as Category 1 responders and so we have a statutory responsibility to 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 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). The Director for Strategy & Support Services also sits on the Avon and Somerset Local Resilience Forum (ASLRF).

In December last year, the Partnership agreed to have one of their senior officers regularly work from each of the District offices 2 days per month. While they will continue to work in the usual way on specific countywide projects, they will be present and available to all staff for advice, guidance and support on any local issues. This has already started at Brympton Way and going forward this will enable SSDC to build on existing relationships, identify opportunities and facilitate local projects.

Key priorities on the Partnership's current work programme includes consolidation, usability and access to planning and response packages, refining operational maintenance, and developing a training

programme in line with strategy, including strategic, tactical and operational roles, evacuation and shelter, loggist and business continuity management.

We have maintained the approach with our Civil Contingency capability and have a pool of trained officers from within SSDC. There is a Strategic Duty Officer on call 24/7. The Strategic Rota is made up of:

- Chief Executive
- 3 Directors
- 3 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.

Following on from the classroom based training for strategic and operational officers in 2018 and early 2019, there was a strategic coordination centre familiarisation session in October 2019. We planned to hold a second major scenario based training exercise in August 2019 however this was delayed due to shortage of experienced personnel at the time that could deliver the training. Since then new course material has been developed that will form the basis of a further training exercise to be run this year. One of our operational officers attended a JESIP training course to feedback what elements of this are best incorporated into part of the SSDC exercise. JESIP is the Joint Emergency Services Interoperability Programme and the JESIP Doctrine lays out how the emergency services should work together around major incidents. We are currently working with the Partnership to develop a wider training and development programme for 2020 to maintain a high state of preparedness.

In February and March 2020 all of the Gold/Strategic Officers attended an Emergency Planning College course on Emergency Planning & Crisis Management, delivered locally in Somerset.

There has been a focus on BREXIT in 2019/early 2020 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.

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.

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

Agenda Item 9

Health and Safety Update

Director: Netta Meadows (Service Delivery)
Lead Officer: Netta Meadows, Director (Service Delivery)
Contact Details: netta.meadows@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.

Recommendation

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 in 2019, a new approach to health and safety policy, procedures and processes was brought in. This was discussed and shared with the Audit Committee in 2019.

Health and Safety Service

The new approach to Health and Safety Service is a shared responsibility across the organisation, coordinated by a Steering Group and Working Group. Strategy and Commissioning (S&C) has the strategic oversight with Health and Safety, providing case officer support to coordinate both the Steering and Working groups, as well as responsibility for processing and reporting on the completed incident / accident / near miss forms, using the incident management system on TEN. While S&C does not have operational responsibility for health and safety, and there is no longer a dedicated health and safety advisor as a single point of contact, the practical application of this is taking time to be fully understood and implemented across the organisation. The Working Group will take forward an action to address this as part of its work plan, including a presentation at a Staff Awareness session.

The Steering Group has only been able to meet a few times through 2019 however it now has a 4-6 weekly schedule of meetings through 2020 to focus on keys areas of work. The purpose of the group is to support the development and delivery of SSDC's H&S Policy at the strategic level. Terms of reference have been agreed, with an overarching remit to:

- recommend H&S processes, procedures and arrangements
- determine and direct risk assessment activity, and
- agree training requirements.

The Working Group meets every 12 weeks and is chaired by the Specialist Services Manager – Service Delivery. The purpose of the group is to support the development and assure delivery of SSDC's H&S Policy at the operational level, with a remit to:

- Implement H&S processes, procedures and arrangements
- promote a positive H&S culture throughout SSDC
- consult and represent the SSDC workforce on H&S matters, cascade and communicate decisions

The working group has recently developed a workplan (see Appendix A) with the aim to co-ordinate activities to allow the development of more streamlined and well thought through initiatives to address identified issues more effectively. Ownership of the tasks has only recently been identified but progress will be reviewed at working group meetings.

A protocol for dangerous incidents has been developed, with staff trained and aware of what to do in the event of a serious incident. Alarm systems have also been reviewed and put in place where need identified. Work has also been identified on dealing with violent persons, and a centralised database and procedure for dealing with those individuals will be launched shortly.

Health and Safety Risk Register

A project to refresh the approach to risk management at SSDC has involved reassignment and consolidation of existing risks from the TEN risk tool into a new risk register framework. This framework is predicated on the categorisation of risks by type (e.g. financial, reputational, H&S) to enable clear ownership and review of the category risk registers by appropriate work groups/functions. 5 H&S corporate risks have been identified as below, and ownership of these risks now sits with named individuals who sit on the Steering Group.

- Threats to Staff from verbal or physical attack
- Incident, accident or injury in Public spaces that SSDC Manage
- Incident, accident or injury in SSDC Premises (SSDC Occupied)
- Unauthorised access to hazardous materials
- Accidents when conducting Operation and maintenance

Work is on-going with the risk owners to assess the associated risks controls and their adequacy. Review and update to the H&S risk register will take place quarterly at the H&S Steering meeting, facilitated by the risk lead. This work has started.

H&S Training

Since the Autumn of 2019 our Learning & Development Specialist has delivered 3 bespoke H&S training sessions with Team Leaders from across the organisation, focused on covering the principles of prevention.

Further training courses are booked for March that have IOSH accreditation and some have already taken place in February:

- IOSH Managing Safely: this 3 day course covers, in detail, the core responsibilities of anyone tasked with managing workplace health and safety. Participants will primarily comprise team and section leaders that have more of an operational function at SSDC, mostly from environmental services, property and countryside. It is anticipated this training course will be repeated later in the year to enable team leaders from other parts of the organisation to participate.
- IOSH Leading Safely: this one day course, covers topics around the importance and key behaviours with safety and health leadership, looking at when things go wrong, and making personal commitments for change.

Health and Safety Data

In 2019 (calendar year) a total of 95 incidents were reported. The following table provides an overview of the number of incidents by category.

Table 1: Reported incidents

Near misses	2
Accidents involving staff (For break down see table 2)	43
Accidents involving the public	24
Incidents Involving Violence to Staff	22
RIDDOR	4
Total	95

Near misses: Both of the near misses are related to slips & trips on stairs at Brympton Way.

Table 2: Accidents involving staff

Octagon & Westlands	14	<p>Westlands Kitchen - minor burn Octagon Kitchen x 2</p> <ul style="list-style-type: none"> • minor cut & head injury • Minor burns <p>Westlands store – minor cut Octagon backstage toilets – minor head injury Octagon café – injury to foot Westlands ballroom x 3</p> <ul style="list-style-type: none"> • seating – injury to foot • guard rail – impact injury • Slipped on steps to stage <p>Westlands stairs – trip Octagon stage x 3</p> <ul style="list-style-type: none"> • 2 x minor head injuries • Injury to rib cage <p>Octagon bottle bank – minor cut</p>
Countryside	7	<p>Ham Hill, vehicle – injury to foot Ham Hill, vehicle – injury to wrist Woods – slip Yeovil Country Park x 2 – slips Ham Hill – skin reaction to wild vegetation Chard Reservoir – leg strain</p>
Environmental Services	12	<p>Lufton compound – injury to finger Petters car park – minor facial injuries Lufton workshop – shoulder injury Lufton maintenance x 3</p> <ul style="list-style-type: none"> • 2 x minor eye injuries • Minor burns <p>Lufton horti x 4</p> <ul style="list-style-type: none"> • heat exhaustion • minor burns • needlestick injury • leg injury <p>Lufton, vehicle – ankle injury Lufton canteen – back strain</p>

Engineering & Property Services	1	West Hendford Car Park – electric shock
Elections	1	Assembly of polling booths – finger injuries
Other offices/sites	8	Brympton Way kitchenette – scald Brympton Way stairs – slip causing injury to ribs/ arm Brympton way toilets x 2 – slips causing minor injuries to foot / arms Brympton Way car park – trip on uneven surface, minor injury One incident related to work related anxiety Two accidents with minor injuries occurred during a netball match at Bucklers Mead
Total accidents involving staff:	43	

RIDDOR: There have been four RIDDOR reportable incidents. Two involved members of the public; one who tripped at Westlands which resulted in a broken ankle and the second who had a deep cut to their leg from auditorium seating. The two other reported incidents involved members of staff; one who had a needle stick injury while cleaning inside the Octagon and the other who had a shoulder injury from loading a large object into a vehicle (environment services).

Public accidents: Fifteen of the accidents were slips, trips and falls. Four accidents occurred during activities (cut injuries; walking, stage related work). One involved youths fighting, one involved scalding from hot drink, three other injuries relate to a customer passing out, an unknown cause of a minor cut and a dog on dog attack.

Violence to staff: Seventeen of these were verbal abuse, eight of which were over the phone. There were three incidents where individual's feared for physical personal safety (two in parks and one at Petters), one incident where a package of dog faeces was left at offices FAO a named officer and one incident that involved theft of a private vehicle (Chard Reservoir).

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 2021.

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 - None

Agenda Item 10

Financial Procedure Rules

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Purpose of Report

This report introduces the changes to the Financial Procedure Rules that have been sent out with this agenda.

Recommendations

The Audit Committee are asked to:

- (a) recommend full Council to approve the attached Financial Procedure Rules.

Introduction

The Financial Procedure Rules outline the financial policies of this authority and the financial accountabilities of individuals that apply to both officers and members. The review of those rules is included within the remit of the Audit Committee under its terms of reference as follows:

“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 has been taken”

The last review took place in 2015 and it is best practice to review and update the rules on a regular basis. The main emphasis of this review has been to adjust the rules to reflect changes to other policies and agreements.

Revised Financial Procedure Rules

The attached document shows the main revisions to the current approved rules highlighted in yellow. The Interim S151 Officer will attend the committee to explain the main changes in detail.

Financial Implications

There are no financial implications as a result of this report.

Background Papers

None

Financial Procedure Rules

Introduction

- i. To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.
- ii. The Financial Procedure Rules provide clarity about the financial accountabilities of individuals: Elected members; the District Executive; the Chief Executive; Directors; Section 151 Officer (S151); the Monitoring Officer; other Managers and all other officers of the Council.
- iii. The Council has established other internal regulatory documents as set out in Part 4 of the Council's Constitution. The Constitution lays down the Council's governance structure, which sets out how the Council operates, decision making processes, and the Council's operating procedures.
- iv. It is not possible to draft procedure rules to cover every eventuality or circumstance. Consequently, the principles of sound financial management proper exercise of responsibility and accountability, as set out in this document should be applied in all circumstances.
- v. The following general principles apply: -
 - there should be adequate and understood separation of duties so as to maintain adequate control over all financial transactions and operations;
 - there should be a clear hierarchy of control;
 - there should be adequate training and supervision of staff and there should be adequate management and audit trails;
 - there should be adequate management of risks and additional checks where there are high levels of risk;
 - operational financial procedures should be clearly documented, key risks identified, and such documents kept up to date and there should be adequate business continuity plans in place to maintain effective administration of the Council's finances at all times.
- vi. Financial Procedure Rules apply to every member and employee of the Council and anyone acting on its behalf.
- vii. Executive members and Directors should, where decision-making is delegated to them, maintain a written record of all decisions. Where decisions are delegated or devolved to other responsible officers, references to Directors in the rules should be read as referring to them.
- viii. All elected members and employees have a general responsibility for taking reasonable action to provide for the security of assets, funds and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- ix. The S151 Officer is individually responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Audit Committee and then Full Council for approval. She/he is also individually responsible for reporting, where appropriate, breaches to the Council, to the District Executive, or the Audit Committee. Directors and their staff are responsible for promptly notifying the S151 Officer of any breaches of these Financial Procedure Rules.
- x. The Senior Leadership Team (SLT) is responsible for ensuring that all Managers are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents, and that all employees comply with them. The SLT shall also ensure that there is an adequate level of understanding of these rules within their teams and that copies are available for reference within their service area or are accessible via other media.

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1 FINANCIAL GOVERNANCE

1.1 Full Council

- a) The Full Council is responsible for approving the policy framework and, through a named vote, the annual revenue and capital budgets within which the Executive operates. This encompasses any medium and longer-term plans for both revenue and capital resources. The policy framework shall also include approval and setting the Council Tax rate.
- b) The Full Council may delegate to a Sub Committee or the Leader the approval of the Full Council Tax Determination that sets out the detailed council tax charges by town/parish and council tax band for each preceptor.
- c) It is also responsible for monitoring the budget including compliance with the authority's overall framework of accountability and control. If revenue reserves fall below the risk assessed minimum requirement then only Full Council can authorise any further use of those reserves, taking due account of advice from the Council's S151 Officer. Full Council is responsible for approving use of capital reserves greater than 5% of the usable receipts balance in any one year.

1.2 District Executive

- a) The District Executive is responsible for proposing the policy framework and detailed budget to the Full Council and for discharging executive functions in accordance with the policy framework and budget agreed by Full Council. The detailed budget should include the allocations to the various services and projects, proposed funding including taxation levels, and minimum required levels of general reserves. District Executive can approve the use of general reserves to fund Supplementary Budget allocations within the financial year subject to balances remaining at the risk assessed minimum requirements. District Executive can approve the use of usable capital receipts up to a maximum of 5% of unallocated receipts to fund Supplementary Budget allocations in any one year.
- b) Where the District Executive delegates executive decisions to a committee, or an individual Executive member (Portfolio Holder), or a member of staff, that delegation will include the financial accountabilities relating to the administration of the budget and spending decisions.
- c) The relevant budget holder will be the employee with responsibility for the relevant service, policy, or project, unless the Executive specifically identifies to whom budget responsibility is delegated e.g. to an Executive member.

- d) The Chief Executive, Directors or District Executive members who have responsibility for budgets delegated to them will be accountable to the District Executive or Full Council, as appropriate, for the use of delegated budgets and should report at least quarterly to their accountable body for the use of those budgets and on the latest budget position.
- e) The District Executive is responsible for ensuring individual Executive members with delegated powers consult with all relevant staff before taking decisions within their delegated authority, so that all implications, including financial implications, are taken into account.
- f) The District Executive will follow general good practice and comply with sound principles of accountability and effective management by delegating management and operational control normally to the Directors/ Managers and other suitable officers wherever feasible and practical.
- g) It is the responsibility of the Executive or Executive member with delegated budget responsibility to consult with the S151 Officer over the availability of funds before committing the authority to expenditure.

The Statutory Officers

1.3 The Chief Executive

- a) The Chief Executive is the Council's Head of Paid Service, and is responsible for the corporate and overall strategic management of the authority as a whole. This includes responsibility for establishing a framework for management direction, style, and standards and for monitoring the performance of the authority.

1.4 Monitoring Officer

- a) The Council's Monitoring Officer and is responsible for promoting and maintaining high standards of conduct, including financial conduct.
- b) The Monitoring Officer in conjunction with the S151 Officer is responsible for advising the Executive, Full Council, Audit Committee and Scrutiny Committee about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- c) Actions that may be contrary to the budget include
 - initiating a new policy with additional unfunded budgetary implications
 - committing expenditure in future years above the current year budget level or medium term financial plan
 - incurring virement without approval or outside any limits set by Council
 - causing total expenditure to increase above the approved budget

1.5 Chief Finance Officer

- a) The S151 Officer is the Chief Finance Officer, and is responsible for the proper administration of the Council's financial affairs and shall:
 - i. Advise the Council on insurance and financial risk;
 - ii. Advise the Council on effective systems of internal control;
 - iii. Ensure that there is an effective system of internal financial control;
 - iv. Advise the Council on anti-fraud and anti-corruption strategies and measures;
 - v. Present the annual Statement of Accounts to the Audit Committee subsequent to external audit and submit to the appropriate departments of central government any associated grant claims.
 - vi. Select and consistently apply accounting policies, determine accounting procedures and records, and ensure compliance with relevant Accounting Codes of Practice;
 - vii. Ensure that there is an effective internal audit function and assist managers to provide effective arrangements for financial scrutiny;
 - viii. Secure effective systems of financial administration and provide appropriate financial information to enable budgets to be monitored;
 - ix. Manage the cash and investments of the Council in accordance with the relevant CIPFA Codes of Practice and the Council's Treasury Management Strategy Statement, and determine effective and compliant Treasury Management Practices;

- x. Ensure that financial management arrangements are in line with the Council's policy objectives, the Council's overall governance arrangements and comply with any internally or externally set financial management standards;
- xi. Advise the Council on the setting of its revenue and capital budgets and the adequacy of its reserves to meet possible future commitments and contingencies. It is the responsibility of the S151 Officer to advise the District Executive on the setting of budget guidelines, to ensure budget estimates reflect agreed service levels and any guidelines set by the District Executive, and to liaise with budget holders throughout the budget preparation process;
- xii. Discharge statutory duties under Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Accounts and Audit Regulations 2015, and the Local Government Act 2003;
- xiii. Advise the District Executive and Full Council on prudent levels of reserves for the Council and on the robustness of the Revenue and Capital Budgets;
- xiv. Advise the District Executive, the Chief Executive, the Directors/ Managers on all taxation issues that affect the Council;
- xv. Ensure the effective billing, collection and recovery of all sums due to the Council, in accordance with the Debt Recovery Policy.

1.6 Chief Executive, Directors, and Budget Holders

- a) The Council delegates all approved budgets for management purposes to a named post of the Council. Each named employee shall:
 - i. Ensure that the financial content of all reports, forms and procedures is approved by the S151 Officer (or a named Finance representative);
 - ii. Report any irregularities concerning the Council's financial affairs to the S151 Officer or Group Auditor at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy shall also be followed where relevant;
 - iii. Ensure that there are sufficient funds available in their cash limited budget before commitments are entered into;
 - iv. Consult with the S151 Officer prior to submitting to the SLT, District Executive or any Committee any report that may have financial implications;
 - v. Ensure that the Council's Standing Orders, Procurement Rules, and Human Resources Rules and procedural notes are complied with together with all applicable statutes, regulations, and best practice;
 - vi. Monitor and control expenditure against approved budget allocations and report to the District Executive quarterly in conjunction with the S151 Officer on variances and the action being taken to address them;
 - vii. Maintain systems of control that facilitate the achievement of the Council's objectives by using resources economically, efficiently, and effectively and by safeguarding the authority's assets and interests;
 - viii. Review and appraise their operations so as to achieve continuous improvement;
 - ix. Liaise with the Council's external auditor and any other inspectorate with statutory rights of access.
 - x. Ensure any compensation payments are authorised in accordance with the limits set in the Constitution (see Scheme of Delegation). The relevant Director will report to the SLT annually on the number and value of payments made.
 - xi. Maintain systems, procedures and sufficient resources to ensure that collection and recovery of all sums due to the Council follow the Income Management Policy.

1.7 Executive Members Exercising Budget Responsibility

- a) Where an Executive Member exercises budget responsibility they shall comply with the provisions of section 1.6 above and all related Financial Procedure Rules.

1.8 All Other Employees

- a) All other employees of the Council have a responsibility to:
 - i. Report any irregularities concerning the Council's financial affairs to the S151 Officer or the Internal Auditor (Assistant Director – SWAP) at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy and the Anti Money Laundering Policy shall also be followed where relevant;

- ii. Comply with the Council's Standing Orders, Financial Procedure Rules, Procurement Procedure Rules and procedural notes.

2 MANAGING RESOURCES

2.1 General and Budget Monitoring

- a) Delegation of cash limits shall be in accordance with the Scheme of Delegation.
- b) Delegation of cash limits is to the Chief Executive and Directors. The Chief Executive and each Director must maintain a full list of delegations to officers within their functional areas.
- c) Accountability for appropriate budgets shall be held at Chief Executive or Director level.
- d) Budget holders can only vary cash limited budgets in accordance with these Financial Procedure Rules. Accounting recharges (such as Support Services and depreciation) will not be included in cash limits.
- e) Budget monitoring is the responsibility of each Director. Where there is likely to be a significant variation between the budget and actual expenditure you must notify the S151 Officer as soon as possible including an action plan to rectify the situation where appropriate.
- f) Budgets must be managed and monitored at nominal code level. The nominal code describes the type of spending and income e.g. salaries, electricity, grants, fees and charges. Virements must be requested where insufficient funds are available at nominal level. Virements are required where the variance is greater than £1,000.
- g) The S151 Officer is responsible for setting a timetable and reporting the Council's financial performance and financial position to the Leadership Team and the District Executive.
- h) The Council has a statutory responsibility to produce a Statement of Accounts and all budget holders shall comply with the accounts closedown timetable set by the S151 Officer.

2.2 Variations to Structures and Staffing Levels

- a) Within the total cash limit approved by the Council each year, the Directors shall be entitled to vary the numbers and composition of their workforce in order to meet service requirements, provided such variations do not commit the Council to increased expenditure in future years and subject to SLT approval. Directors proposing restructures shall liaise with both Finance Specialists and People Specialists to agree overall cost implications and HR process and procedure. Directors shall ensure they have included the cost implications of the Council's severance scheme, and that the S151 Officer verifies these costs. Directors shall cost salaried posts at the top of the grade in any workforce design, include all potential redundancies and/or early retirements and salary protections, and then be compared to the previous structure. Where there are any actual or potential additional costs associated with restructuring proposals that may commit the Council to increased expenditure in future years, Directors must obtain agreement from the SLT and District Executive including the method of financing.
- b) Directors shall not enter into or change a contract of employment, including the grading of a post without prior consultation with the Lead Specialist - People.
- c) Directors shall adhere to the Council's staffing policies and staffing delegations, including the proper use of appointment procedures, systems for determining remuneration and the method used to make payments to employees. Directors may choose to delegate these functions.

2.3 Virement Rules

- a) Full Council is to approve the Detailed Budget Analysis including income and expenditure totals for each activity as part of the Annual Budget Report.
- b) District Executive have delegated authority to approve virements between activities/services within the overall net budget total and have agreed the following flexibilities and freedoms: -

Directors/Managers

- c) Directors and Managers can increase their expenditure by up to £20,000 in one financial year for goods purchased for resale with a matching increase in income budgets, in consultation with a Finance Specialist.
- d) Directors and Managers can increase their cost centre income budget on services by up to a maximum of £20,000 in one financial year, with supporting evidence, and in consultation with a Finance Specialist.
- e) Directors and Managers can authorise any budget virement within each individual cost centre / activity / service of their responsibility, except the 'employees' budget, provided that the S151 Officer is notified in advance.
- f) Directors can authorise any budget virement to or from the 'employees' budget provided that the Lead Specialist – Finance approval is obtained in advance.
- g) Directors can increase their budgets in respect of 100% externally funded staff provided the Lead Specialist - People has agreed the contract terms and that the Lead Specialist – Finance has been notified in advance. Directors must ensure any additional costs associated with that member of staff is fully funded at the outset including any provision for possible redundancy costs.
- h) Subject to the above specific virement responsibilities, the following table summarises virement approval limits. Where virements are between different areas of responsibility the approval of all relevant officers and portfolio holders is required. The Lead Specialist – Finance shall ensure all virements above £50,000 are reported to District Executive for information and transparency.

Responsible	Limit	Finance approval required
Manager	£25,000	Specialist – Finance
Director	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

- i) Movements to and from earmarked capital and revenue reserves can be actioned by the relevant Director (or delegated budget holder where appropriate) provided that the use is for the approved purpose.
- j) All budget virements properly approved shall be actioned in the Council's main finance system only by Finance Officers.

Area Committees

- k) Area Committees can approve budget allocations from total budgets and ring-fenced reserves delegated to each Committee by District Executive and Full Council. Area Budget information will be reported to the District Executive for information.

2.4 Revenue Under/Overspends and Budget Carry Forwards

- a) Directors/Managers are responsible for ensuring budgetary control is maintained at all times, and shall take all reasonable action to contain spending and meet income targets within approved targets. All forecast and actual variations to approved budgets by activity/service greater than £50,000 must be reported and fully explained to the District Executive through regular Financial Performance reports.
- b) The S151 Officer is responsible for approving all budget carry forwards due to timing differences between financial years in meeting agreed commitments.
- c) The S151 Officer shall transfer Revenue Budget Net Underspend or Overspend, after approved carry forwards and allocations to/from earmarked reserves, to General Reserves at the end of the financial year. District Executive can approve a net overspend of a maximum of £50,000 to be carried forward to the following financial year to be met from that year's approved budget.

2.5 Capital General and Budget Monitoring

- a) A rolling five-year Capital Programme is to be prepared and reviewed annually to confirm the Capital Budget and Financing requirement within each financial year.
- b) The S151 Officer is responsible for compiling the Capital Budget and the 5-year Programme including the associated capital financing, in consultation with SLT, for consideration by the District Executive prior to submission to Full Council for approval. The programme will include:
 - committed schemes that are in the process of completion
 - schemes for replacement/maintenance of existing assets
 - new starts for the following years
 - receipts from expected sales of assets and
 - external contributions expected
- c) The Chief Executive or Directors may approve Supplementary Capital Budgets of up to £50,000, and District Executive may approve Supplementary Capital Budgets of up to £150,000 during the year, within the resourcing limit delegated by Full Council. Full Council is responsible for approving all other Supplementary Capital Budgets unless specific delegations exist e.g. for investment property acquisitions/disposals under the Council's approved Commercial Strategy. In all Supplementary Budget decisions the decision-maker must consider affordability of both capital and revenue implications of recommended projects, in consultation with the S151 Officer or Lead Specialist – Finance.
- d) The S151 Officer is responsible for setting the reporting timetable in consultation with the Portfolio Holder responsible for Finance. The Capital Programme will be monitored by District Executive or, where monitoring has been delegated, by the appropriate Area Committee.
- e) The S151 Officer in consultation with Responsible Officers and the SLT will prepare the monitoring reports to the District Executive.

2.6 Bidding for Capital Resources

- a) Schemes where appropriate shall have completed a feasibility study before submission to Area Committees or District Executive. All schemes requiring Feasibility Funds require approval by SLT and then District Executive.
- b) There is a de-minimis value of £10,000 for each Capital Scheme, £250 for Capital Grants, and £10,000 for capital receipts.
- c) During the annual budget setting process, decisions will be made on which new schemes are to be included in the following year's Capital Budget and 5 year Programme. Capital Investment Appraisal shall be completed in line with Guidance provided by Finance and can be submitted to the S151 Officer at any time during the year but will be considered by SLT for onward approval by District Executive and Full Council in line with the agreed timetable.
- d) Proposals shall be clearly linked to the Council Plan and any relevant Service Plans.
- e) The capital investment appraisal form shall disclose any revenue consequences. If these cannot be absorbed by the service a request shall be made to District Executive for additional resources as part of the Revenue Budget setting process.
- f) Each approved scheme will be the responsibility of a named Responsible Officer, who shall monitor the scheme's progress and report accordingly.
- g) Allocations to services from the Internal Capital Loans Fund is delegated to the S151 Officer for assets purchased by the authority and recharged to services within the approved budget.

2.7 Purchase and Disposal of Plant and Vehicles over £10,000

- a) Managers/Lead Specialists are responsible for assessing the need for acquiring, replacing or disposing of plant or vehicles and completing a business case that includes describing the business need and benefit, the costs and funding proposals. This includes regular (at least 6-monthly) reviews of leases.
- b) Managers/Lead Specialists shall liaise with a Finance Specialist in Support Services to determine the most economical approach to financing and confirm sufficient budget is in place.
- c) The Finance Lead Specialist has authority to approve advances from the Internal Loans Fund Reserve to finance vehicles and plant within the overall Fund total approved by Council. Alternatively, freehold or leasehold purchases may be approved by the Finance Lead Specialist if capital costs are affordable within approved capital budget totals and any revenue implications are affordable within approved revenue budgets.
- d) Managers/Lead Specialists shall maintain a maintenance and replacement plan for vehicles and plant, and submit future budget requirements in line with the annual Budget Timetable set by the S151 Officer.

2.8 Capital Receipts

- a) All Directors/Managers shall inform the relevant Finance Specialist of all expected capital receipts as soon as they are identified. Where a land and property asset is identified as available for sale this is to be considered in line with FPR 13.2. Disposal of other assets shall be approved by the relevant Director/Manager, and notified to Finance Lead Specialist. The Director/Manager must always seek to obtain best value when disposing of assets. Proceeds from sale of assets valued at £10,000 or above shall be credited to the Capital Receipts Reserve and allocated in accordance with the approved Capital Programme.

2.9 Virement Rules – Capital

- a) Approved budget allocations may be transferred between schemes subject the following authorisation responsibilities and limits.

Responsible	Limit	Finance approval required
Manager	£25,000	Specialist – Finance
Director	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

- b) All contributions made from revenue budgets to capital budgets (other than those purely made for accounting adjustments such as accounting for leases) shall be approved by the relevant Committee and authorised by the S151 Officer (or nominated representative).
- c) If, during the progress of approved schemes, significant budget variations are projected then virement can be made from another scheme within the Corporate or Area totals. All such proposed virements shall be reported to the District Executive for approval.

2.10 Monitoring the Capital Programme and Capital Projects

- a) Where Responsible Officers require schemes to be re-phased between years they shall notify the S151 Officer at least quarterly so that the overall financing of the Capital Programme can be maintained and investment income maximised.
- b) Progress on each project and funding projections must be submitted to the S151 Officer quarterly. This must include any slippage in the project timetable and spend with the actions being taken if necessary to bring the project back in line.
- c) Projects should be managed and monitored using the Council's Project Management Methodology and regular reports made to each Project Sponsor for monitoring purposes.
- d) Any projects amended, other than for minor changes, between approval and implementation must be resubmitted to the District Executive for approval. This includes projects that have received further external financing to meet additional costs over £50,000.

2.11 Capital Under/Overspends

- a) The S151 Officer can approve the carry forward of underspends against budgets to the following year if the project has commenced before the year-end and has not been completed. District Executive or the appropriate Committee will decide at the year-end whether projects that have a delayed start date of more than one year can continue.

2.12 Post Completion Appraisals

- a) On completion of a project the Responsible Officer will prepare a report in consultation with the S151 Officer (or nominated representative) stating how the project has performed against its set objectives. This will be reported as part of the outturn report to District Executive each year.

2.13 S106 Funds

- a) All S106 funds over £10,000 will be included if appropriate in the capital programme once received and included within a quarterly monitoring statement for reporting to District Executive.

3 FINANCIAL CONTROL

3.1 General

- a) All accounting systems, procedures and records shall be subject to the approval of the S151 Officer. Changes to or discontinuation of existing systems/procedures and the introduction of new systems shall also be approved by the S151 Officer.
- b) All accounts and reports shall be prepared in accordance with these Financial Procedure Rules and in conformity with any Government Regulations and CIPFA Codes of Practice and any other professional guidance held to represent best practice.
- c) The Chief Executive and all Directors/Managers are responsible for specifying the budget requirements for their cost centre in accordance with the cash limit rules and the timetables established by the S151 Officer. Directors and Managers should seek the advice of the S151 Officer, or nominated representative, to ensure that budgets are compiled in accordance with the financial policies agreed by the Council.
- d) Directors and Managers are responsible for the proper operation of financial processes within their functional areas.

3.2 Local Code of Governance

- a) The S151 Officer is responsible for preparing a Local Code of Corporate Governance, in consultation with the Monitoring Officer and Directors, which is to be reviewed on a regular basis and at least every three years. The Audit Committee is responsible for approving the Local Code of Corporate Governance.

3.3 Annual Governance Statement

- a) The Council is required to publish an Annual Governance Statement at the end of each financial year, which is to be approved by the Audit Committee and signed by the Chief Executive and Leader. The Chief Executive and Directors/Managers shall annually declare and evidence that the internal controls within their functional area are regularly monitored and reviewed.

3.4 Internal Audit – South West Audit Partnership Ltd (SWAP)

- a) The general standards for Internal Audit shall be those of the Institute of Internal Auditors (IIA) in conjunction with Public Sector Internal Audit Standards (PSIAS).
- b) The South West Audit Partnership Ltd (SWAP) Chief Executive, or nominated Senior Officer Representative, will be the responsible Chief Internal Auditor (CIA) as agreed with the S151 Officer. The CIA shall compile an Annual Audit Plan in consultation with the S151 Officer, to be approved by the Audit Committee.

- c) The Chief Internal Auditor shall report audit findings and significant control risks, performance in delivering the Audit Plan, and an annual Audit Opinion to the S151 Officer and the Audit Committee.
- d) To assist in the objectivity and independence of the South West Audit Partnership Ltd, all audit employees have:
 - authority to enter any Council premises or land
 - authority to access all Council records, documents and correspondence
 - receive explanations from employees and members on any matter that they are reviewing or investigating
- e) Such authority will not be used unreasonably.
- f) All thefts and break-ins to Council property shall be reported to the South West Audit Partnership Ltd at the earliest possible opportunity.
- g) Where the Council enters into agreements with partners that involve financial grants or contributions from the Council, those agreements shall give the South West Audit Partnership Ltd authority to examine the financial accounts of the partner.

3.5 Operational Leases

- a) Directors/Managers may enter into an operational lease for equipment provided that the S151 Officer has confirmed in writing that the method of finance is appropriate for the asset concerned. Procedure 2.7 Purchase and Disposal of Plant and Vehicles over £10,000 shall be followed where appropriate. Directors/Managers may not enter into a lease without first taking advice from the Procurement Specialist. Directors/Managers shall ensure that charges arising from such arrangements can be met within approved budget for the current and future years.
- b) Directors/Managers must liaise with the Lead Finance Specialist or Finance Specialist to determine whether a lease shall be accounted for as capital or revenue expenditure.

3.6 Treasury Management

- a) The S151 Officer is responsible for preparing annually a Treasury Management Strategy Statement (TMSS) setting out the main principles of treasury management to be followed, and including Prudential Indicators and other relevant performance measures. Full Council is responsible for approving the TMSS. Revisions to the TMSS or Prudential Indicators require Full Council approval.
- b) All Executive decisions on borrowing, investment or financing shall be delegated to the S151 Officer, who may delegate to appropriately trained Finance Officers in accordance with Treasury Management Practices. All employees are required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities and the Council's Treasury Management Strategy Statement, and comply with the Treasury Management Practices.
- c) The S151 Officer shall review the TMSS mid-year and recommend any changes to Full Council. The S151 Officer shall also provide a Treasury Management activity monitoring report mid-year, and an annual report by no later than 30th June to the Audit Committee and by the 30th September to Full Council.
- d) All investments and borrowing shall be made in the name of the Council or its approved nominees.
- e) All financial balances in the possession of the Council shall be controlled by the S151 Officer.

4 CONTRACT

4.1 General

- a) All employees shall comply with the Procurement Procedure Rules. Procurement rules relates to appropriate arrangements for purchasing works, goods and services, and include authority to approve/sign contracts which commits the Council to expenditure and potentially related obligations.

Authorisation of individual invoice payment transactions – which certifies that invoices are correct and valid for payment – are covered under purchasing below.

5 PURCHASING

5.1 Payment of Invoices

- a) The S151 Officer shall make arrangements for the payments of all monies due from the Council, which shall comply with statutory provisions in force.
- b) Invoices to be paid shall not be made out to employees of the Council, except in any case or category of case agreed by the S151 Officer in advance. Employees shall not amend any invoices received but instead return to the supplier to provide an amended invoice if necessary. Copy invoices shall be clearly marked as such, and appropriate checks undertaken to confirm an original invoice has not been received or paid.
- c) Where an order has been raised for goods and services (see Procurement Procedure Rules) the invoice must be matched with the order. In most circumstances, it is appropriate for an official order to be raised.
- d) All suppliers shall be asked to quote on all invoices the name of the group and section, the order number and the place where the work was done or goods delivered.
- e) No payment is to be made on the basis of a supplier's statement of account.
- f) The Chief Executive and Directors/Managers (or other delegated employees) shall be responsible for the verification and certification of all payments from their own budgets only. Certification means a manual signature or a computerised authorisation as required by the Council's E5 Financial Management System. The certification by, or on behalf of the Directors/Managers shall be regarded as an assurance that:
 - value has been received and accounted for in the opinion of the Chief Executive, and Directors/Managers
 - expenditure complies with the Procurement Procedure Rules and Financial Procedure Rules in force at the time
 - the document presented to support the payment is correctly priced and the invoice has not been previously passed for payment
 - all trade and prompt payment discounts have been deducted (where appropriate)
 - VAT has been properly accounted for in accordance with the HM Revenues and Customs regulations applicable at the time
 - expenditure and income is posted to the appropriate nominal codes on Cedar to ensure that the financial system reflects the correct nature of the expenditure/income incurred
- g) Where the same person raises the order and authorises the payment, a second person shall input details of the transaction into the Council's E5 Financial System.
- h) The Chief Executive and Directors/Managers can authorise any payments within their area of responsibility, and are allowed to delegate payments of up to £100,000 to their supporting officers by the process described in (g).
- i) A list of those employees authorised to certify all types of expenditure (including those authorisers via the Council's E5 Financial System) shall be prepared and signed by the Director/Manager and copies forwarded to the S151 Officer. The database of authorised employees shall be kept fully up to date by the Directors/Managers and all changes notified as soon as possible.
- j) Where invoices are authorised on line via the Council's Financial System the authoriser shall ensure the due date is in accordance with the invoice terms or the Council's payment policy. This requires that all undisputed invoices for goods and services supplied should be paid within 10 working days of their receipt by the Council.
- k) Invoices shall all be stored electronically in a specified folder ready for importing the image into the E5 system.

- l) As soon as possible after 31 March each year, Directors/Managers shall notify the Financial Services Team of all outstanding expenditure relating to the previous financial year. When such expenditure is subsequently certified for payment it shall be identified as required by the S151 Officer.
- m) The S151 Officer shall publish detailed closedown procedures each year.

5.2 Corporate Credit Cards

- a) The S151 Officer is required to authorise the issue of a corporate credit card. The card shall only be used for business purchases. Receipts for all transactions shall be passed to Support Services-Finance for reconciliation to the monthly statements.

5.3 Procurement Cards

- a) The issue and use of a procurement card shall be in accordance with the Procurement Card Rules as prepared by the Procurement Specialist and approved by the S151 Officer.

6 PAYROLL SERVICES

6.1 Appointment of Employees

- a) The appointment of all employees shall be made in accordance with approved Employment Policies and Procedures. Recruiting managers must ensure there is sufficient budget to fund the appointed position, to be certified by a Finance Specialist, and submit to the People Managers Forum for consultation and approval.

6.2 Amendments to Payroll

- a) Directors / Responsible Managers shall notify the Lead Specialist – People as soon as possible, in the prescribed form, of
- all appointments, promotions, resignations, retirements, dismissals and suspensions from duty
 - all transfers between services within the control of the Directors
 - all periods of sickness and absence, except normal annual leave
 - all changes in remuneration of employees, except normal increments
 - all payments for compensation and any other emoluments to any employee
 - such other information as may be required by the Lead Specialist-People in connection with the calculation and payment of pay related expenditure
 - All leavers should be immediately reported to Support Services IT to enable their access to be cancelled on the financial system
 - the Directors are also required to contact the Lead Specialist – IT and the Revenues Specialists to identify if there is any outstanding debt owing to the Council – if this is the case, the Director shall then instruct payroll to deduct any debt from the last salary payment
 - The Financial Systems support team will at least once a year circulate an up to date list of Cedar users and access levels to the Directors, who will be required to sign and return this list, noting any amendments

6.3 Other Payments

- a) All travelling, subsistence, financial loss, and any other reimbursements to employees shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council. In special cases a payment can be made through BACS.
- b) All travelling claims from both Officers and Members shall be submitted on the appropriate form monthly to payroll by the 5th working day of the month, together with appropriate VAT receipts to cover the mileage claimed. All high mileage claims over 300 miles per month shall be submitted monthly, claims under 300 miles per month shall be submitted at least quarterly.
- c) All payments for allowances, travel and subsistence etc. to elected members shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council.

6.4 Time Sheets

- a) All timesheets and records for overtime, expenses etc. shall be in a form approved by the Director Support Services. All claims shall be submitted at least quarterly. Any claims submitted outside of this time limit (without the approval of the Chief Executive) will not be paid.
- b) The standard procedure for employees leaving the Council, or transferring to another post shall be followed in all cases. These procedures are laid down in Employment Policies and Procedures.

7 BANKING ARRANGEMENTS

7.1 General

- a) All arrangements with the Council's bankers concerning the Council's bank accounts and partnership accounts which the Council manages on behalf of any partnership, and the issue and deposit of cheques shall be made through the S151 Officer.
- b) The S151 Officer shall be authorised to operate such subsidiary bank accounts as deemed necessary.
- c) Any overdraft on the Council's bank accounts shall be kept within the limits set out in the Treasury Management Strategy Statement. Bank accounts shall be reconciled by the S151 Officer at intervals no longer than one month and kept up to date.

7.2 Cash and Cheques Received

- a) All monies received on behalf of the Council shall, without delay, be banked in the Council's name in accordance with the instructions of the S151 Officer. Post-dated cheques will not be accepted.
- b) There shall be separation of duties between receiving and paying out monies. Employees who collect cash shall not be involved in the maintenance of cash and deposit books or other financial records in respect of that cash. This requirement can only be accepted on the written approval, in advance, of the S151 Officer.
- c) Post that may contain income shall be subject to control by not less than two persons from the point of delivery through to the receipt of a signature at the cash desk. The S151 Officer will issue detailed written instructions for the handling of postal income and these instructions shall be adhered to at all times.
- d) Where a person or body claims to have made a payment which has not been credited to their account, a Support Services Case Officer, or in his/her absence Support Services Case Team Leader, shall follow the agreed procedure immediately.
- e) All copies of cancelled receipts shall be retained for inspection.
- f) Managers are responsible for ensuring the control, monitoring and regular banking of daily receipts arising from cash collection points under their control. The S151 Officer will provide detailed procedure notes which shall be adhered to at all times.

7.3 Money Laundering

- a) The Council has a nominated Money Laundering Responsible Officer (MLRO). The MLRO is the S151 Officer.
- b) Any transaction involving an unusually large amount of cash should cause questions to be asked about the source. This may particularly be the case where cash paid exceeds the amount needed to pay the transaction and a refund is requested but not in cash form. Any suspicious transaction in cash over £10,000 should be directly reported to the Money Laundering Responsible Officer and Money Laundering procedures followed.
- c) Any property or assets purchased from this Council shall be properly traced to the source of funds. Any suspicious transaction shall be reported to the Money Laundering Responsible Officer.

7.4 Payments by Direct Debit

- a) All agreements with banking organisations regarding direct debits shall be approved by the S151 Officer.
- b) Any telephone lines used to transmit confidential banking information regarding the Council's customers shall meet security standards approved by the Lead Specialist – IT. The Lead Specialist – IT shall ensure that direct debits requested from banks are made on the dates specified by the Support Services Team Leader.

7.5 Direct Debits and Cheques Paid

- a) All cheques and direct debit mandates drawn on bank accounts of the Council shall:
 - be signed only by the S151 Officer or other employee authorised by the S151 Officer
 - bear the name of the S151 Officer as produced by approved systems where this has been specifically agreed by the S151 Officer
- b) The S151 Officer shall arrange for such safeguards as are deemed necessary and practicable, including the separation of duties, so that as far as possible the following procedures are the responsibility of separate employees:
 - the checking of creditors' accounts
 - the control of cheques
 - the preparation of cheques
 - the signature of cheques
 - authorisation procedures for electronic payments (BACS, CHAPS)
 - the entry of the cash account
 - the reconciliation of bank balances

7.6 Handling of Cheques

- a) The Support Services Team Leader shall ensure the list of outstanding cheques is examined at least monthly and reasons sought for cheques that have not been cashed. Cheques, which have not been cashed six months after the date of issue, shall be cancelled.

8 INCOME

8.1 Income Collection

- a) Arrangements for the collection of all monies due to the Council shall be subject to the control or approval of the S151 Officer.
- b) Managers shall maintain such information in connection with the work done, goods supplied or services provided so that a correct record of all sums due is maintained. Wherever possible income due should be collected in advance. Managers shall ensure that individual customer debtor accounts are raised as soon as possible but no later than five working days from the delivery of goods or provision of services, unless specified terms have been agreed by the S151 Officer.
- c) Monthly and where appropriate quarterly accounts should be produced five working days after the month or quarter's end. Managers shall record promptly, within the Council's Sundry Debtor System, all money due to the Council. The records shall include details relating to contracts, leases and other agreements and any arrangements entered into which involve the periodic receipt of money by the Council.

8.2 Setting Fees and Charges

- a) In line with the budget setting timetable all fees and charges shall be reviewed annually by each Director and Manager in consultation with the S151 Officer. All changes to such charges shall be agreed in advance with the S151 Officer and recorded annually within the Fees and Charges Register. The Register will be published on the Council's website and it is the responsibility of each Director and Manager to notify the S151 Officer of any changes made in addition to the annual review.

8.3 Writing Off of Debts

- a) Any debts written off shall be in accordance with procedures approved by District Executive, and shall be approved in line with the following delegations.

Income Type	Limits	Authority to Approve Write-Offs
Council Tax and Business Rates	£0.01 to £25	Customer Focus or Case Officer
	£25.01 to £100	Revenues Case Officer
	£100.01 to £1,000	Revenues Specialist / Team Leader
	£1,000.01 to £5,000	Lead Specialist – Finance
	>£5,000	S151 Officer
Other Income	£0.01 to £25	Customer Focus or Case Officer
	£25.01 to £100	Case Officer
	£100.01 to £1,000	Finance Specialist / Support Services Team Leader
	£1,000.01 to £5,000	Lead Specialist – Finance
	>£5,000	S151 Officer

- b) The recovery of all debts shall be in accordance with the Income Management Policy approved by the District Executive and supporting procedures agreed by the S151 Officer. It is the responsibility of Managers to adhere to policy and procedures, and ensure income due is collected.
- c) Managers shall be responsible for accounting for VAT on income, fees and charges in accordance with the Regulations of HM Revenue and Customs. The S151 Officer shall advise those managers of any changes to the Regulations.

8.4 Cash Floats and Petty Cash

- a) Where cash floats, petty cash or cash remittances are held, Managers shall ensure that cash holdings and receipts should be regularly reconciled and recorded to evidence monitoring and minimise the risk of cash differences.

9 IMPREST ACCOUNTS

- a) The Support Services Team Leader is responsible for the arrangements for Imprest Accounts. Guidance notes will be issued and employees in control of Imprest Accounts shall follow the correct procedures at all times. Managers shall ensure that all monies authorised for reimbursement in an Imprest Account are accounted for in accordance with the guidance notes.

10 RISK MANAGEMENT AND INSURANCES

10.1 Risk Management

- a) The Director – Strategy & Support Services will prepare the authority's Risk Management Policy statement and strategy for the approval of the District Executive and review the effectiveness of those arrangements. Systems will be developed to identify and evaluate all significant risks to the authority by all associated in the planning and delivery of services.
- b) A consolidated risk register will be maintained by the Specialist – Procurement. All risks identified in respect of the activities of the Council will be recorded on the register.
- c) The Directors are responsible for managing all risks in respect of their functions, and will ensure named officer(s) are responsible for maintaining risk data and profiles within those functions.
- d) Risks will be identified by:
- Programmed Control and Risk Self Assessments sessions facilitated by the South West Audit Partnership
 - Audit reviews
 - The Directors as part of their responsibilities for maintaining accurate risk records
- e) The South West Audit Partnership in conjunction with the Directors will devise Action Plans to actively manage risks, following all control and risk self-assessment sessions. The Directors will be responsible

for ensuring that all actions identified, in respect of any risk, are dealt with in accordance with the timetable specified.

- f) The Specialist – Procurement will provide risk management reports to SLT quarterly and to the Audit Committee twice yearly.

10.2 Insurances

- a) The S151 Officer shall make arrangements for approved insurance cover, maintaining adequate records and negotiating claims with the Council's insurers.
- b) The Directors shall advise the Insurance Case Services Officer of the extent and nature of all new risks where insurance may not exist or may be inadequate.
- c) The S151 Officer can authorise payments of small claims from self-insured funds of up to £2,000.

10.3 Notification of Loss

- a) Directors/Managers shall notify immediately the Insurance Case Services Officer, in writing, of any loss, liability or damage or any event likely to lead to a claim in connection with their areas of responsibility.
- b) All employees of the Council shall be included in a fidelity guarantee policy.

10.4 Review

- a) The S151 Officer shall review insurance cover annually.

10.5 Car Allowances

- a) Recipients of car allowances shall provide Payroll with copies of policies or premium receipts as may be necessary to ensure adequate cover against any liability of the Council arising from official use of their vehicle.

10.6 Current Insurance

- a) The Insurance Case Services Officer shall keep all Directors notified as to the nature and extent of the various risks that are covered or left exposed.

10.7 Inventories

- a) Managers shall be responsible for ensuring proper maintenance of inventories of furniture, equipment and the means for prompt and efficient identification of each item for the purposes of insurance claims or claims under suppliers' guarantees. The information shall be recorded in the format specified by the S151 Officer.

11 STOCKS, STORES, FURNITURE AND EQUIPMENT

11.1 General

- a) Managers shall be responsible for the care and physical control of all stocks, stores, furniture, plant and equipment in their custody. Records shall be maintained in a form specified by the S151 Officer.

11.2 Write Offs

- a) Any items of stocks, stores, furniture or equipment to be written off shall require the certification of the Director or an employee nominated by the Managers. The certification shall be in writing and details notified to the S151 Officer as soon as possible.

11.3 Stock Checks

- a) All stocks of goods held as stores, or for resale, shall be subject to stock check annually. Managers, shall certify a certificate of the value held at 31 March each year at cost and the certificate forwarded to

the S151 Officer within 10 days of the year end. The de minimis level for year-end stock certificate being returned to Support Services Finance is £1,000.

11.4 Corrections

- a) Correction of deficiencies and surpluses on stocks and stores accounts shall be in accordance with the procedures laid down by the S151 Officer.

11.5 Disposal of Surplus Furniture & Equipment (including personal computers)

- a) Prior to disposal the Manager shall offer the surplus furniture or equipment to other services within the organisation at no cost. Only when there is no organisational need to retain the equipment can it be sold.
- b) If there is no established organisational need, disposal of unwanted furniture is the responsibility of the Manager. In order to ensure a consistent approach, and that the Council receives value for money from disposal, the Specialist - Procurement shall co-ordinate disposal of surplus furniture and equipment.
- c) The Manager who wishes to dispose of surplus furniture and equipment shall advise the Specialist – Procurement. If it is reusable it will be sold. An advertisement shall be placed on the Bulletin Board and sealed bids submitted. The highest bid will be accepted and the income credited to the appropriate cost centre.
- d) All redundant ICT equipment including mobile telephones and related items shall be returned to Support Services ICT who will return to stock or dispose of securely.
- e) Managers shall amend inventories to reflect disposals and acquisitions.

12 CAR LOANS AND LEASED CARS

- a) All loans and leases for the provision of motor vehicles shall be administered in accordance with the scheme approved by the District Executive.

13 BUILDINGS, LAND AND PROPERTY

13.1 Asset Register

- a) The S151 Officer shall maintain a full and accurate register of all Council Property, Plant and Equipment and other Long Term Assets for the purpose of maintaining accurate balance sheet records and calculating capital charges in accordance with relevant Codes of Practice.
- b) The Commercial Property, Land and Development Manager shall ensure all land and property assets are fully and accurately recorded in a suitable property asset register / asset management system.
- c) If the property system and accounting asset register are separate systems, it is the responsibility of the Commercial Property, Land and Development Manager and the Lead Specialist – Finance to ensure these are reconciled regularly including as at 31 March each year to evidence accounting balances in the Balance Sheet.

13.2 Buildings, Land and Property Transactions

Buildings, Land and Property

- a) All arrangements for the acquisition and disposal of land and buildings shall be in accordance with approved governance arrangements for the Investment Assessment Group (IAG), Disposal Assessment Group (DAG), Strategic Development Board (SDB) and Regeneration Programme Boards (RPs) or otherwise in accordance with the Scheme of Delegation and these Rules. Acquisitions and disposals may include freehold or leasehold sale and purchase, gifts, grant or receipt of property rights and obligations, demolition, destruction or similar transactions.
- b) The following levels of delegation and procedures apply:

	Business Case Assessment By	Values	Approval By
Non-Investment Property acquisition		Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive
Non-Investment Property disposal	Disposal Assessment Group (DAG)	Up to £250,000	Chief Executive
		>£250,000	District Executive
Asset Transfers to Registered Social Landlords – for social housing or associated parking	Disposal Assessment Group (DAG), and agreement of S151 Officer and Portfolio Holder (Strategy and Policy)	Up to £250,000	Chief Executive
		>£250,000 and within approved Policy and Budget	Chief Executive
		>£250,000 and outside approved Policy and Budget	District Executive
Community Asset Transfers	Disposal Assessment Group (DAG)	Within CAT Policy	Chief Executive
		Outside CAT Policy	District Executive

Investment Properties

- c) Investment Property acquisitions and disposals shall follow the governance and procedures agreed by Full Council as part of the Commercial Strategy, with the Director – Commercial Services responsible for its implementation.
- d) Full Council is responsible for approving the Total Investment Limit for the Property Investment Fund, and related changes to the Capital, Treasury and Investment Strategies.
- e) Authority to approve individual acquisitions and disposals (freehold or leasehold), subject to completion of appropriate business case and due diligence, shall be within the following delegation limits:

Type	Business Case Assessment By	Values	Approval By
Investment Property acquisition	Investment Assessment Group (IAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive
Investment Property disposal	Disposal Assessment Group (DAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive

- f) The S151 Officer, in consultation with the Chief Executive and the Commercial Services and Income Generation Director, has authority to reinvest investment property disposal income within the Investment Fund within the overall fund limit approved by Full Council, or to repay residual capital debt for acquired assets. Surplus income from capital growth realised on disposal will be returned to reserve balances.

Disposals at less than best consideration

- g) With the exception of transfers to RSLs under £250,000 (for social housing or associated parking) or disposals outside of policy, the Commercial Property, Land and Development Manager in conjunction with the relevant Portfolio Holder and Director (Commercial Services and Income Generation) report to the DAG requesting approval to proceed with the disposal in such circumstances where either the use of a specific or general disposal consent or a Qualifying Meeting (as defined in the General Disposal Consent of 2003) is required before the disposal can be completed or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable. Approval via DAG procedure and governance.

Regeneration Programme Boards

- h) Governance and delegated authority for implementing Regeneration Programmes shall be approved by Full Council.
- i) Full Council shall approve the total budget limits for each Regeneration Programme.

- j) The S151 Officer shall approve individual scheme Gross Budget, Net Budget and any funding arrangements, within the overall Programme limits set by Full Council.
- k) Individual schemes within approved Programme limits shall be approved by the Lead Director in consultation with the Programme Board Chair and the s151 Officer.

General

- l) In respect of receipts from sale of assets where values are less than £10,000: net proceeds credited to the appropriate revenue budget.
- m) In respect of receipts from sale of assets where values are more than £10,000: where permitted under the Statutory Guidance on the Flexible Use of Capital Receipts (March 2016), net receipts can be used to fund revenue costs up to and including March 2022, provided the expenditure meets the requirements for qualifying expenditure under this guidance.
- n) The Director of Commercial Services and Income Generation (or delegated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Director, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £100,000 annually for Non-Investment and is in accordance with the District Valuer (or other RICS professional) valuation, and operates within approved budgets:-
 - the agreement of all monthly tenancies
 - the agreement of all licences
 - the conducting and agreement of all rent reviews
 - the agreement of all lease renewals (new leases approved under acquisitions above)
 - the agreement of lettings
 - the agreement of all easements and wayleaves
 - the agreement of all changes of use
 - the agreement of all compensation claims where there is budgetary provision
 - the agreement of all releases/variations of covenants
- o) **For Investment Properties**, the Director of Commercial Services and Income Generation (or delegated representative) shall have authority to approve all of the following in consultation with the S151 Officer where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £1,000,000 annually. Items in excess of this amount must be referred to the Investment Assessment Group for review and recommendation for approval by the Chief Executive in consultation with the Leader.
 - the agreement of all tenancies
 - the agreement of all licences
 - the conducting and agreement of all rent reviews including awarding rent free periods
 - the agreement of all lease renewals or new leases where tenancy of existing freehold/leasehold owned property changes
 - the agreement of lettings
 - the agreement of all easements and wayleaves
 - the agreement of all changes of use
 - the agreement of all compensation claims where there is budgetary provision
 - the agreement of all releases/variations of covenants

13.3 Condition Surveys

- a) The Director Commercial Services and Income Generation shall ensure that condition surveys of all buildings and property assets in which the Council has a proprietary interest are carried out at least once every 5 years. Survey details are to be recorded in appropriate systems and work programmes prepared in accordance with priorities set out in the Property Repairs and Maintenance Policy.

13.4 Asset Management Plans

- a) The Director Commercial Services and Income Generation shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must detail the actions to be monitored by the Commercial Property, Land and Development Manager
- b) The Director Commercial Services and Income Generation shall maintain records and systems that enable the Council to ensure that the best use is made of all properties. The Director Commercial Services and Income Generation shall advise the Council on alternative uses of land and property as best serves the Council's interests at the time.
- c) The Commercial Property, Land and Development Manager shall ensure that all leases are kept up to date and rents due are revised at the appropriate time.

13.5 Custody of Deeds and Documents

- a) The Lead Specialist – Legal shall have custody of the title deeds and other agreements under seal or hand of all land owned by the Council (together with all deeds and documents held as security for any monies owed to the Council) and are responsible for their safe-keeping.

13.6 Security

- a) Directors shall be responsible for ensuring the proper security at all times for buildings, stocks, stores, furniture, equipment, cash and information held on files. The Directors shall consult with the Director Commercial Services and Income Generation in any instance where security is thought to be defective or where it is considered that special security arrangements may be needed, or where circumstances suggest the possibility of any irregularity.
- b) Directors shall ensure that there are appropriate arrangements for the control of all door, safe and cabinet keys held within their areas of responsibility. There shall be independent control of all receipt forms, cheques, tickets, store notes, order forms or similar documents and it shall be the responsibility of the appropriate Director to ensure that all such items are serially numbered and controlled in accordance with arrangements agreed with the Chief Internal Auditor (Assistant Director, South West Audit Partnership).

14 LOANS POLICY

- a) The Council should only provide small loans to outside bodies where alternative forms of borrowing are not available or at prohibitive costs. The loans will only be made to outside bodies that operate from within the South Somerset District geographical area and are either registered charities, public sector, or not for profit organisations.
- b) All loan agreements will either be charged on the property to which they relate (like a mortgage) or a guarantee will be required from a surety which could be an individual, group of individuals or body.
- c) The maximum repayment period will be 10 years and all loans will be repaid on a repayment basis so that the loan is repaid across the loan period at instalment rates approved in advance (i.e. in the same way as mortgage repayments).
- d) Loans will be given at the appropriate PWLB rate for the period of the loan, or other prudent rate as determined by the S151 Officer in consideration of investment risk. The maximum amount of a loan to an outside body shall be £150,000.
- e) Approval of loans shall be by District Executive and a full appraisal submitted which shall include details of the security offered. In order to qualify for a loan the outside body shall also submit a Business Plan to the S151 Officer covering the period of the loan.
- f) For small loans of £5,000 or less the approval procedure may be delegated to the area portfolio holders, in consultation with the relevant Managers. The interest rate will be the relevant PWLB rate, or other prudent rate as determined by the S151 Officer in consideration of investment risk, and the loans should be guaranteed by the Town or Parish Council, or similar trustees.

- g) Any loans agreed outside of the loans policy shall be agreed by Full Council.

15 EXTERNAL ARRANGEMENTS

15.1 Partnerships

- a) In leading the community and entering into partnerships the Council will seek to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area.
- b) The main criteria for SSDC entering into a partnership are:
- to provide improvements in service delivery
 - to provide efficiency in the costs of service provision
 - to share risk
 - to achieve specific corporate priorities
- c) A partner is defined as a formal working arrangement involving one or more independent bodies, from any sector, who pool resources and share responsibility for agreeing and then delivering a set of planned actions and outcomes. A formal agreement is made by all partners to work together for specific outcomes.
- d) Partners may participate by:
- acting as a deliverer or sponsor, solely or jointly with others
 - acting as a funder or part funder
 - being the beneficiary group (or part thereof) of the activity undertaken in a partnership
- e) The District Executive is responsible for determining and agreeing all key partnerships. Directors are responsible for agreeing all substantial and minor partnerships. At inception a review period must be agreed and any associated delegation arrangements approved by District Executive if a key partnership or by the appropriate Director if a substantial or minor partnership.
- f) All partnerships must be reviewed annually and reported by the appropriate Director to the relevant committee (either District Executive or Area Committee). All partnerships must be included within the Partnership Register and updated annually by the appropriate Director.
- g) The Directors and Portfolio Holders shall consider and make provision for any overall corporate governance issues and shall ensure account is taken of any legal issues when arranging contracts with external bodies. They shall ensure that risks have been fully appraised before agreements are entered into with external bodies.
- h) The governance arrangements of all key and significant partnerships require approval of the members of Corporate Governance Group.
- i) All key partnerships have a requirement to produce, maintain, and monitor a shared risk register.
- j) The same high standards of conduct that apply throughout the authority shall be maintained in partnerships, and representatives to partnerships should exercise these same high standards.
- k) The S151 Officer shall ensure that accounting arrangements to be adopted in relation to partnerships and joint ventures are satisfactory and compliant with relevant regulations and Codes of Practice.
- l) Regular monitoring arrangements must be in place. For key partnerships monitoring must be reported regularly to the District Executive and other partnerships (substantial and minor) to the Area Committees. This can be carried out through the quarterly budget monitoring reports as a minimum.
- m) Directors and Portfolio Holders are responsible for ensuring that appropriate Council approvals are obtained before concluding negotiations in relation to work with external bodies.

15.2 External Funding

- a) The S151 Officer in consultation with the relevant Director/Manager or Portfolio Holder is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Each Director and Portfolio Holder is responsible for informing the S151 Officer promptly about such funding. Where such income is receivable against a grant claim the relevant Director or Portfolio Holder shall provide written confirmation to the S151 Officer that all output and other grant requirements have been properly and fully met.

15.3 Grants to Outside Bodies

- a) The District Executive or relevant Area Committee shall approve all grants and other assistance to external bodies, except where such annual assistance in total is less than £1,000 in value to any one body and there is budgetary provision for such assistance. It must not form a commitment of future year's annual budget unless it matches the criteria as set within the Community Grants Policy (4) in respect of those bodies with approved multi-year Funding Agreements / Service Level Agreements. Where the total value per annum to any one body is below £1,000 the relevant Director or Portfolio Holder may approve such assistance subject to the requirements of these Financial Procedure Rules being met. Where the total value per annum to any one body is below £1,000 the relevant Director may delegate the approval to the appropriate designated officer, again subject to the requirements of these Financial Procedure Rules being met.
- b) The District Executive Committee may approve a framework for the administration of any specified class of grant and assistance under that committee's control over the value of £1,000 by a relevant Strategic Director for the efficient conduct of business, subject to the agreed framework and meeting the other requirements of these Financial Procedure Rules.
- c) Reports to the District Executive Committee or Area Committees (and decisions taken under the provisions of (a) above) seeking approval to assist an outside body by grant or other assistance in kind shall provide assurance that the following requirements have been met or will be met, and ensure that the Council's interests are protected before any grant or assistance is actually made:
- the receiving body has been properly identified, has suitable lead parties, a defined work area/purpose, and suitable trust documents/constitution
 - any conflicts of interest have been declared and properly managed
 - any risks to such agreements and the Council's interests are being adequately and appropriately managed
 - it will be possible to confirm the proper use of the Council's assistance
 - the assistance contributes to the delivery of the Council's services or achievement of the Council's corporate objectives
 - the extent and purpose of the assistance have been properly identified
 - arrangements for the repayment of any loans have been made
 - arrangements to gain repayment/recovery for the value of the assistance are in place in the event of default by the recipient
 - any specific conditions relating to the assistance are identified
 - monitoring arrangements are to be set in place to ensure the assistance is used for the purpose approved
 - the recipient will provide evidence to the Council demonstrating proper accounting for, and use of the assistance, including, for assistance over £1,000 in value, access to the accounts of the body for S151 Officer, or designated representative and to supporting information, documents and evidence
 - a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance
- d) Full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance and by whom, and any other relevant transaction information.

16 BREACHES OF FINANCIAL REGULATIONS

- a) Where a failure to comply with these regulations is identified the matter should be brought to the immediate attention of the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership).
- b) A report shall be made to the S151 Officer for minor breaches and to the District Executive or Audit Committee where the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership) consider the matter to be of significance.

Appendix A

Guidance on Interpretation – Officer Contacts

Section	Financial Regulation	Contact Officer
1	FINANCIAL GOVERNANCE	Section 151 Officer
1.2(e)	Decision Making Procedures	Democratic Services Specialist or Monitoring Officer
2	CASH LIMITS	Section 151 Officer
3	FINANCIAL CONTROL	
3.1	General	Section 151 Officer
3.2	Statement of Internal Control/Statement of Governance	Section 151 Officer
3.3	South West Audit Partnership	Assistant Director-SWAP
3.4	IT and Furniture Budgets	ICT Manager/Procurement & Risk Manager
3.5	Operational Leases	Lead Specialist – Finance / Specialist - Procurement
3.6	Treasury Management	Finance Specialist
4	CONTRACTS	
4.1	General	Specialist - Procurement
5	PAYMENT OF INVOICES	
5	Payment of Invoices	Support Services Case Team Leader
5.1	Corporate Credit Cards	Section 151 Officer
5.2	Procurement Cards	Procurement Specialist
6	PAYROLL SERVICES	
6.1	Appointment of Employees	Lead Specialist - People
6.2	Amendments	Lead Specialist - People
6.3	Other Payments	Lead Specialist - People
6.4	Timesheets	Lead Specialist - People
7	BANKING ARRANGEMENTS	
7.1	General	Section 151 Officer
7.2	Cheques/Cash Received	Support Services Case Team Leader
7.3	Money Laundering	Assistant Director-SWAP
7.4	Direct Debits (received)	Support Services Case Team Leader
7.5	Direct Debits and Cheques Paid	Support Services Case Team Leader
7.6	Handling of Cheques	Support Services Case Team Leader
8	INCOME	Specialist – Finance
9	IMPREST ACCOUNTS	Specialist – Finance
10	RISK MANAGEMENT AND INSURANCES	
10.1	Risk Management	Specialist - Procurement
10.2	Insurances	Insurance Case Services Officer
10.3	Notification of Loss	Insurance Case Services Officer
10.4	Review	Insurance Case Services Officer
10.5	Car Allowances	Insurance Case Services Officer
10.6	Current Insurance	Insurance Case Services Officer
10.7	Inventories	Insurance Case Services Officer
11	STOCKS, STORES, FURNITURE AND EQUIPMENT	
11.1	General	Specialist – Finance
11.2	Write Offs	Specialist – Finance
11.3	Stock Checks	Specialist – Finance
11.4	Corrections	Specialist – Finance
11.5	Disposal of Surplus	Specialist – Finance
12	CAR LOANS AND LEASED CARS	Specialist – Finance
13	BUILDINGS, LAND AND PROPERTY	
13.1	Asset Register	Commercial Property, Land and Development Manager
13.2	Buildings, Land and Property Transactions	Lead Specialist – Finance / Commercial Property, Land and Development Manager
13.3	Condition Surveys	Commercial Property, Land and Development Manager

13.2	Asset Management Plans	Commercial Property, Land and Development Manager
13.3	Custody of Deeds	Director Support Services
13.4	Security	Commercial Property, Land and Development Manager
14	LOANS POLICY	Lead Specialist – Finance
15	EXTERNAL ARRANGEMENTS	
15.1	Partnerships	Lead Specialist – Finance
15.2	External Funding	Lead Specialist – Finance
15.3	Grants to Outside Bodies	Lead Specialist – Finance
16	BREACHES OF FINANCIAL REGULATIONS	Section 151 Officer or Assistant Director-SWAP

Agenda Item 11

Audit Committee Forward Plan

Lead Officer: Becky Sanders, Case Officer (Strategy & Commissioning)

Contact Details: becky.sanders@southsomerset.gov.uk

Purpose of the Report

This report informs Members of the Audit Committee Forward Plan. Any updates to the Forward Plan will be provided verbally at the meeting.

Recommendation

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

Audit Committee Forward Plan

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

Items marked in italics are not yet confirmed.

Background Papers: *None*

Audit Committee Forward Plan

Meeting Date	Item	Responsible Officer
28 May '20	Review of Internal Audit	S151 Officer
	Internal Audit Plan Progress Report – 2019/20 Q4	Alastair Woodland (SWAP)
	Internal Audit Annual Report and Opinion 2019/20	Alastair Woodland (SWAP)
	Annual Treasury Management Activity Report 2019/20 (to go on to Council)	Finance Specialist
	<i>Annual Fraud Programme Update</i>	<i>TBC</i>
30 July '20 (week later than normal)	Annual Governance Statement	S151 Officer
	External Audit – Audit Findings Report	S151 Officer (GT)
	Internal Audit Plan Progress Report 2020/21 - Q1	Alastair Woodland (SWAP)
	Approve Annual Statement of Accounts	Finance Specialist
	Approve Summary of Accounts	Finance Specialist
22 Oct '20	Internal Audit Plan Progress Report 2020/21 – Q2	Alastair Woodland (SWAP)
	Treasury Management Practices	Finance Specialist
	Treasury Management Mid-Year Performance and Strategy Update (to go on to Council)	Finance Specialist
	External Audit – Annual Audit Letter	Finance Specialist (GT)
28 Jan '21	External Audit – Certification of Housing benefit Subsidy Claim	Finance Specialist (GT)
	Internal Audit Plan Progress Report 2020/21 – Q3	Alastair Woodland (SWAP)
	Treasury Management Strategy Statement 2021/22 (to go on to Council)	Finance Specialist

Agenda Item 12

Date of Next Meeting

The date of the next meeting of Audit Committee needs to be considered and agreed by members.

Currently the next meeting of the Audit Committee is scheduled for Thursday 28 May 2020 at 10.00am – as some meetings are being re-arranged due to the coronavirus pandemic, it has been suggested that the meeting scheduled for 28 May is moved to Thursday 25 June at a time to be agreed.
