

South Somerset District Council

Draft Minutes of a meeting of the **Audit Committee** held by video-conferencing using Zoom meeting software on **Thursday 14 May 2020**.

(2.05 pm - 3.50 pm)

Present:

Members: Councillor Martin Carnell (Chairman)

Robin Bastable
Mike Best
Malcolm Cavill
Brian Hamilton

Mike Hewitson
Paul Maxwell
Jeny Snell



Officers

Barrie Morris
Beth Garner
Alastair Woodland
Netta Meadows
Jo Nacey
Nicola Hix
Angela Cox
Becky Sanders

Key Audit Partner / Engagement Lead (Grant Thornton)
Engagement Manager (Grant Thornton)
Assistant Director (SWAP)
Director (Service Delivery)
Section 151 Officer
Director (Support Services)
Specialist (Democratic Services)
Case Officer (Strategy & Commissioning)

Also Present:

Derek Yeomans
Val Keitch
Linda Vijeh

Independent Member

50. Minutes (Agenda Item 1)

The minutes of the previous meeting held on 23 January 2020 were approved as a correct record, and would be signed by the Chairman.

51. Apologies for absence (Agenda Item 2)

Apologies for absence were received from Councillors Dave Bulmer and Robin Pailthorpe.

52. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

53. Public question time (Agenda Item 4)

No members of the public were present at the meeting.

54. External Audit Plan for 2019/20 (Agenda Item 5)

The Key Audit Partner (Grant Thornton) presented the report which introduced Grant Thornton's Audit Plan for reviewing the Council's 2019/20 financial statements and the Council's arrangements for securing value for money. He drew members attention to the addendum document that was attached to the External Audit Plan in the agenda. The addendum provided an update to the planned scope and timing of the statutory audit of SSDC in light of the coronavirus pandemic, and included some of the key risks identified at the start of the Covid situation.

He explained in a little more detail some of the key Covid-19 associated risks such as a changes in the valuation of some investments and pension fund liability. It was also noted there may be some material uncertainties and an expert in this field was going to be brought in to carry out some of the Audit work in this area.

As part of the financial statements audit, there was a requirement for External Audit to provide a report on going concern, and this would give a view on the robustness of cash projection for the Council.

During a short discussion one member felt some interim reporting may be needed about the actual and real effects on the Council such as potential need to update strategies, impacts on staff and budgets etc, in additional to a final comprehensive report.

In response to comments made, the S.151 Officer noted that officers were currently looking at various strands relating to the pandemic situation, including an updated Financial Strategy and Medium Term Financial Plan, and there was likely to be a need for an updated Commercial Strategy. She also explained that an updated report regarding Council finance was to be considered at the next meeting of District Executive, however, for some elements there were still many unknowns, such as detail for some of the government funding regarding amounts and timing.

At the end of discussion members were content to note the Audit Plan for 2019/20.

RESOLVED: That the Audit Plan for 2019/20 be noted.

55. Informing the Audit Risk Assessment 2019/20 (Agenda Item 6)

The Engagement Lead (Grant Thornton) presented the report which informed members 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. He noted it was a routine report and a standard set of questions were circulated to S151 Officers of local authorities each year.

The Director (Support Services) informed members that the relevant forms and questions had been completed in March prior to Covid-19 restrictions. She noted officers would revisit the responses and check if any amendments were required in light of the pandemic situation.

At the end of a very brief discussion, members were content to note the management responses detailed in the report.

RESOLVED: That the Audit Committee reviewed the management responses to questions (in the agenda report) and were content that they are consistent with the committee's understanding, and noted the report.

56. Internal Audit Plan and Charter 2020-21 (Agenda Item 7)

The Assistant Director (South West Audit Partnership) presented the report that introduced the Internal Audit Plan for 2020/21. The report also incorporated the Internal Audit Charter which set out the operational relationship between SSDC and SWAP. He noted the plan would be evolve over the coming months due to the changing Covid-19 situation and the Councils responses regarding the pandemic.

An overview of the purpose of the Audit Plan was provided, and it was noted the plan had been compiled prior to the pandemic. Many risks still applied but some tweaks would need to be made, and these would be reported regularly to the Audit Committee. The Assistant Director (SWAP) highlighted some audits in Quarter 1 of the plan that could continue regardless of lockdown restrictions and the pandemic situation, and also noted that the plan and workloads were flexible given the current risk climate.

During discussion, the Assistant Director (SWAP) responded to points of detail, and some of his comments included:

- Page 71 of the agenda – Civica Digital Systems Review - following closedown of the Transformation Programme, the Audit would look at whether the risks identified materialised or not, and if they did, how they were managed. As the Civica Digital System was a key component for delivering Transformation, the audit would also consider if it had delivered as intended.
- An audit of Health & Safety regarding staff during the Covid-19 pandemic was not currently included in the Audit Plan. However, it was something that may brought in during the year and was being discussed with senior management.

The Director (Support Services) reassured members that the Senior Leadership Team were aware of many possible staff welfare issues at the current time, and the health and well-being of staff was being closely monitored.

At the conclusion of discussion, it was proposed, and agreed unanimously, to approve the Internal Audit Plan for 2020/21 and Internal Audit Charter.

RESOLVED: That the Audit Committee agreed:

- 1) The Internal Audit Plan 2020/21 (Appendix 1 in the agenda report) be approved:
- 2) The Internal Audit Charter (Appendix 2 in the agenda report) be approved.

(Voting: Unanimous)

57. Civil Contingencies & Whistleblowing Update (Agenda Item 8)

The Director (Service Delivery) presented the report which provided an update to members on the Council's preparedness regarding civil contingencies, and also any

whistleblowing which had taken place in the last year. She advised that there had been no reports of whistleblowing and also clarified that the report had been written in March, prior to Covid-19, for when the committee had been due to last meet.

In response to questions from members, she explained that the Brympton Way Office had not closed to staff during Covid, but following government advice, all staff were working from home where possible. A few staff were in the building each day, but staff generally were not being asked to return to the office environment now, or in the near future. Officers were assessing the office space to see what arrangements could be put in place, such as a one way system and reducing the number of desks, to enable some staff to safely go into the office if needed or wished. She advised that as with any crisis, a move would be made into the recovery phase, and a huge amount of work was ongoing regarding recovery from the pandemic.

Members were provided with an overview how SSDC were responding to the Covid situation locally, and also as part of the multi-agency response and Local Resilience Forum.

At the end of discussion members were content to note the report, the Chairman congratulated officers on the work done and training achieved.

RESOLVED: That the update on civil contingencies and whistleblowing as detailed in the agenda report be noted.

58. Health & Safety Update (Agenda Item 9)

The Director (Service Delivery) presented the report which provided an overview of the current position on health and safety and an update on progress that has been made in the last year. The report also provided an insight to initiatives planned for the next year to move the organisation forward so that health and safety awareness continued across SSDC. She explained that it was a routine annual report up to pre-Covid-19, and noted that some incidents had been RIDDOR reportable.

During a short discussion, the Director (Service Delivery) responded to points of detail regarding specific incidents

The Chairman noted there had been some media interest in the report. He asked if it would be possible in future reporting to show figures over the last three or so years, so that it would be possible to see any trends regarding certain incidents etc. The Director (Service Delivery) confirmed it would be possible to show figures as requested, where data had been collected in the same way each year.

The Director (Service Delivery) provided a brief update regarding staff welfare and Health & Safety during the current Covid-19 situation. She explained the processes in place including that data had been collected on staff categories and individual situations such as those that needed to shield or were in the vulnerable category etc. There was also daily monitoring of reporting by staff about their welfare and that of their household. Staff had been encouraged to develop personal resilience plans and all staff had access to 24/7 counselling support by telephone through Care First. Mental health buddies had now also been trained, and when restrictions allowed, buddies would be qualified as mental health first-aiders. Staff awareness information sessions were being hosted by the Chief Executive approximately fortnightly via video conferencing which provided

corporate updates and an opportunity for staff to ask questions either by name or anonymously.

The Chairman commented that he was reassured to hear that staff were being cared for and able to access support when needed. Members acknowledged that many staff had been redeployed, or were working differently to usual, and in many cases extended hours. They wished to thank all staff for their efforts and the marvellous work undertaken.

Members were content to note the report.

RESOLVED: That the report on Health and Safety be noted.

59. Financial Procedure Rules (Agenda Item 10)

The Director (Support Services) introduced the report which detailed some updates and changes to the Financial Procedure Rules (FPRs), and noted the FPRs had not been fully reviewed since 2015. She advised that the suggested changes were to modernise the document and make it compliant with the current organisational structure, post Transformation, and to also try to make it easier to understand.

Several of the proposed changes in the revised draft document had been suggested by the previous S.151 Officer, and as the new S.151 Officer was now in post, it was appropriate for them to also have the opportunity to review the document. The Director (Support Services) therefore suggested a change to the recommendation in the agenda report, and asked members to consider noting the current draft report as shown in the agenda, and that the report would be brought back to the next meeting for full consideration.

The Chairman suggested that any questions members may have were reserved until the next meeting and after the S151 Officer had reviewed the FPRs.

During a very brief discussion a member made several observations including:

- Referencing in some of the contents did not tally with the main text
- Seems to be little mention of furniture and IT.

It was agreed the member would forward detail of his observations to the officers. The Director (Service Delivery) noted the comments made and agreed to review the document for the next report.

Members were content to note the report at the current time.

RESOLVED: That the report on proposed changes to the Financial Procedure Rules be noted at the current time. (A report for full consideration to be made to a future meeting of the Audit Committee).

60. Audit Committee Forward Plan (Agenda Item 11)

The Chairman noted there had already been suggestions to move the meeting scheduled for the 28 May to the 25 June. The change of date was agreed by members, with the time to be confirmed by the Chairman nearer the date.

During a short discussion, some members suggested a further report on Health and Safety regarding the impact of the Covid-19 situation on staff would be useful. Other suggestions included reporting on the impact of Covid-19 on the Councils financial position.

The S.151 Officer, Leader of the Council, and Director (Support Services), responded to points of detail raised, and some of their comments included:

- Updated and revised finance reports regarding the Financial Strategy and Commercial Strategy were in progress but would take time to complete, and were likely to be presented to District Executive first.
- An overview about the central government grants and incentives received regarding Covid-19, and how likely this was to effect in-year financial projections.
- The message from central government to councils was changing. At the start of the Covid-19 situation it had been believed that councils would have Covid related costs covered but government were now asking councils how much of the costs could be covered by the councils themselves.
- SSDC have been prudent with their finances. There are general reserves and revenue reserves, but much of the reserves are already earmarked. Revised strategies would provide more information about the status of reserves.
- There were still many uncertainties regarding the budget and some tough decisions may need to be made.
- The closure of accounts date had been put back until to November, and therefore all accounts related reports could be moved to the October meeting of Audit Committee. The report on the summary of accounts could be deleted as the document was no longer a requirement.

RESOLVED: Members were content to note the Forward Plan subject to the following changes:

- Reports shown for the meeting on 28 May to be re-scheduled for 25 June.
- Addition of the report on Financial Procedure Rules also to 25 June.
- Accounting Reports shown for July to be re-scheduled for 22 October.
- Additional reports to be added to the Forward Plan:
 - updated financial strategies - after they have been considered by the District Executive.
 - Possible future Health & Safety report regarding the impact of Covid-19 on staff.

61. Date of next meeting (Agenda Item 12)

Members noted the next meeting of the Audit Committee scheduled for the 28 May would be re-arranged for 25 June 2020 at a time to be confirmed, as a virtual meeting via Zoom meeting software.

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Chairman