

MEETING AC.03:0708  
DATE 27.09.07

### South Somerset District Council

**Minutes** of a meeting of the **Audit Committee** held in the Council Chamber, Council Offices, Brympton Way, Yeovil on **Thursday, 27th September 2007**.

(10.00 a.m. – 11.45 a.m.)

**Present:**

**Members:** Derek Yeomans (in the Chair)

Mike Best	Peter Roake
Tim Inglefield	Alan Smith
Tom Parsley	Colin Winder
John Richardson	

**Officers:**

Donna Parham	Head of Finance
Mike Holliday	HR & Performance Manager
Gary Russ	Procurement and Support Services Manager
Andrew Blackburn	Committee Administrator

**Also Present:**

Peter Lawrence	Audit Commission
Kieron Marston	

### 23. Minutes

The minutes of the meeting held on the 26th July 2007, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

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### 24. Apologies for Absence

Apologies for absence were received from Cllrs. Ian Martin, Roy Mills and Paul Robathan (Portfolio Holder for Finance, Revenues and Support Services).

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### 25. Declarations of Interest

There were no declarations of interest.

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### 26. Public Question Time

No comments or questions were raised by members of the public.

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## 27. Audit Commission Annual Governance Report (Agenda item 5)

Reference was made to the agenda report and the Committee reviewed the Annual Governance Report from the Audit Commission, which included a report on the financial statements for 2006/07 and the value for money conclusion in respect of the use of resources element for 2006/07.

The Chairman welcomed Peter Lawrence, District Auditor and Kieron Marston, Audit Manager to the meeting for this item.

The representatives of the Audit Commission summarised the key messages of the Annual Governance Report and reported that it was anticipated that an unqualified opinion would be given on the financial statements. It was mentioned that the accounts and working papers had been well presented and that following this meeting moves would be made to sign off the accounts. It was indicated that the Statement of Internal Control had been prepared in accordance with proper practice and in accord with CIPFA guidelines and that there were no material weaknesses identified. It was also proposed to issue an unqualified value for money conclusion in respect of the use of resources element. Reference was made to data quality work, the review of which was currently being finalised and the importance of that element was mentioned.

During the ensuing discussion, the representatives of the Audit Commission responded to a number of members' comments including the following:-

- reference was made to the 12 criteria on which the auditors were required to reach a conclusion on the adequacy of the arrangements for economy, efficiency and effectiveness in its use of resources. In response to a question, the Committee were informed that the reference to "adequate" in the value for money conclusion meant that things were acceptable. Reference was made to the Audit Commission looking for a performance that met minimum requirements and anything above that was at the discretion of the local authority. It was also commented that the Council was performing well in its use of resources assessment having achieved an overall score of 3 and that it looked as though that level should at least be retained;
- the work of the Audit Commission in carrying out audits was governed by a Code of Audit Practice and, therefore, was consistent across the country. It was noted that the audits focused on the areas of greatest risk;
- the Head of Finance commented that the Council also had its own Internal Audit team which was provided by the South West Audit Partnership and carried out periodic operational and key control audits together with other planned audit activity. The outcome of audits that had been undertaken were seen by the Council's Corporate Governance Group and summaries were also received by this Committee;
- it was noted that the Audit Commission worked alongside the South West Audit Partnership to prevent duplication.

The Chairman thanked the District Auditor and Audit Manager for their presentation and comprehensive report.

**RESOLVED:** that the conclusion of the Audit Commission's Annual Governance Report be noted.

*(Donna Parham, Head of Finance – (01935) 462225)  
(donna.parham@southsomerset.gov.uk)*

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## **28. Progress on HR and Payroll Action Plans (Agenda Item 6)**

The HR and Performance Manager summarised his report on the agenda, which updated members on the HR and Payroll Action Plans as requested at the meeting of the Audit Committee on 22nd March 2007. Members were asked to note the progress made.

Members went through the Action Plans page by page and during the ensuing discussion, officers responded to questions on points of detail. Matters raised included the following:-

- reference was made to the submission of job applications. The HR and Performance Manager reported that application forms were available on the website and could be submitted electronically, although it was accepted that it could be difficult to do so. It was noted that there was some work to do to improve that process. It was accepted that not everyone would want to submit their form electronically and he was aware of a need to keep the paper based processes in being to ensure the diversity of applicants;
- the HR and Performance Manager and Head of Finance explained the processes in place to manage staff sickness, leave and overtime, during which reference was also made to the flexi-time system. The officers indicated that they were confident that the processes were robust;
- reference was made to the risk assessment column relating to the action to ensure that a list of all positions that involved working with children was maintained and that checks were made using the disclosure of criminal background forms. In response to a question, the HR and Performance Manager informed the Committee that the risk assessment was shown as medium as appropriate controls were in place, which reduced the risk;
- reference was made to user access levels for the computer system and the HR and Performance Manager confirmed that there was now a clear separation between the duties of HR and Payroll. There was a reduced risk of duplicate employee records being created as there were separate people involved with the process;
- in referring to the Trent Payroll computer system, the HR and Performance Manager reported that it was very much standalone with no links with the County Council's system;
- arising from the above, the Head of Finance mentioned that the District Council was linked with the County Council in respect of the provision of the QSPF financial system. Bearing in mind the County Council's new venture with IBM (ISIS) to deliver their support and customer services, those links would be coming to an end although there was an assurance regarding the use of the QSPF system until June 2009. She further commented that the District Council's QSPF system may need to be replaced and various options would be looked at;
- reference was made by a member to Payroll being the largest expenditure of the Council and the Head of Finance and HR and Performance Manager explained the

controls that were in place to manage and monitor that expenditure. It was noted that each Head of Service managed their own personnel budget whilst the payroll team dealt with the operational side of making payments to employees. Monitoring of the overall salary budgets was also undertaken by the accountancy section.

Having examined the action plans, members indicated that they were content with the progress made. The Committee asked, however, that another report be made in six months' time.

- RESOLVED:** (1) that the progress with the HR and Payroll Action Plans be noted;
- (2) that the HR and Performance Manager submit a further report to the Committee in six months.

*(Mike Holliday, HR and Performance Manager – (01935) 462161)*  
*(mike.holliday@southsomerset.gov.uk)*

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## 29. Risk Management – Review Summary of Key Risks (Agenda Item 7)

The Procurement and Support Services Manager summarised his report on the agenda, which updated the Committee on the status of the Council's risk register. It was noted that it was part of the Committee's role to monitor the effective development and operation of risk management within the Council.

The Procurement and Support Services Manager further commented that there was a need to ensure that risk management was embedded within the authority and that this was an evolving process. He informed the Committee that there was to be a workshop on risk management for senior managers within the authority, which would be held during the next week.

The Committee had regard to the "Corporate Heat Map" attached to the agenda, which showed the total number of risks both in inherent and residual form. Reference was also made to the examples shown of the Corporate Risk Register where critical risks had been shown at a residual risk level. A discussion ensued during which the Procurement and Support Services Manager answered members' questions on points of detail regarding the risk management process. The Committee considered whether some of the risks identified as critical in the examples given were actually critical or whether this was a view that may have been formed through misinterpreting information.

The Committee suggested that it would be helpful for the Procurement and Support Services Manager to work with the owners of those risks that had been identified as critical to assess whether they should be reclassified taking into account the risk moderation scores.

Arising from consideration of this item, the Committee concurred with the comments of the Chairman who questioned whether a risk assessment had been carried out in respect of the transfer of the waste collection service to an outside contractor as part of the Somerset Waste Partnership. It was suggested that the risks in connection with the award of the contract in respect of the possible disruption of the service or failure of the contract should be assessed.

- RESOLVED:** (1) that the report of the Procurement and Support Services Manager updating members on the status of the risk register be noted;

- (2) that the Procurement and Support Services Manager work with the owners of those risks that had been identified as critical in the risk register (as set out on pages 22-25 of the agenda) to assess whether they should be reclassified taking into account the risk moderation scores;
- (3) that the Procurement and Support Services Manager work with the Head of Service to ensure that risks in connection with the award of the waste collection contract in respect of the possible disruption of the service or failure of the contract are assessed;
- (4) that the Procurement and Support Services Manager submit a report on progress at the next meeting.

(5 in favour, 0 against, 1 abstention)

*(Gary Russ, Procurement and Support Services Manager – (01935) 462076)  
(gary.russ@southsomerset.gov.uk)*

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### **30. Stores Audit Report – Update (Agenda item 8)**

The Head of Finance referred to the agenda report and, as requested by the Audit Committee at its last meeting, confirmed that the action plan for improvement, following the audit of the Lufton Stores Service, showing agreed actions and dates by which they should be carried out had been agreed with the Head of Streetscene to the satisfaction of the South West Audit Partnership.

As previously resolved by the Committee, a further report would be submitted in December 2007 to update members on the outcome of the subsequent internal audit follow up review.

**RESOLVED:** that the report of the Head of Finance be noted.

*(Donna Parham, Head of Finance – (01935) 462225)  
(donna.parham@southsomerset.gov.uk)*

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### **31. Use of Resources Action Plan Monitoring (Agenda item 9)**

Reference was made to the agenda report and the Head of Finance presented the Use of Resources Action Plan, which was attached to the agenda.

It was noted that although the Audit Commission had made their annual use of resources assessment, the details were currently being moderated and the final judgement was awaited. It was understood, however, that it was likely that the Council would keep its current overall score of 3 and may improve in places.

**RESOLVED:** that the completed actions and progress within the Use of Resources Action Plan be noted.

*(Donna Parham, Head of Finance – (01935) 462225)  
(donna.parham@southsomerset.gov.uk)*

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## 32. Date of Next Meeting (Agenda item 10)

Members noted that the next meeting would be held on Thursday, 25th October 2007 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

**NOTED.**

*(Andrew Blackburn, Committee Administrator – (01460) 260441)*  
*(andrew.blackburn@southsomerset.gov.uk)*

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Chairman