

MEETING AC.07:0809
DATE 22.01.09

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 22nd January 2009.**

(10.00 a.m. – 12.25 p.m.)

Present:

Members: Derek Yeomans (in the Chair)

Mike Best	John Richardson
John Calvert	Peter Roake
Ian Martin	Alan Smith
Roy Mills	Colin Winder
Tom Parsley	

Also Present:

Tim Carroll
Robin Munday

Officers:

Rina Singh	Corporate Director - Communities
Donna Parham	Head of Finance
Gerry Cox	Head of Internal Audit Partnership
Simon Gale	Head of Development and Building Control
Tony Richbell	Safety Adviser
Andrew Blackburn	Committee Administrator

Also Present:

Terry Bowditch	Audit Manager, Audit Commission
Jenny Hunnisett	Principal Auditor, Audit Commission

52. Minutes (Agenda item 1)

The minutes of the meeting held on the 27th November 2008, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

53. Apologies for Absence (Agenda item 2)

There were no apologies for absence.

54. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

55. Public Question Time (Agenda item 4)

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

56. Internal Audit Plan 2009/10 (Agenda item 5)

The Head of Internal Audit Partnership summarised his report on the agenda, which informed members of the details of the Internal Audit Plan for 2009/10.

Particular reference was made to the introduction of a new specialist area relating to Governance, Fraud and Corruption, details of which were set out in the agenda, and the Head of Internal Audit Partnership reported that it was felt that more value would be added in focusing on this type of cross-cutting review rather than replicate it across a range of services. He indicated, however, that by introducing these cross-cutting reviews it would not mean that the normal cycle of operational reviews on individual services would be lost. The Chairman commented that it was important to have the strongest possible scrutiny.

During the ensuing discussion, a member referred to the Audit Commission's Use of Resources Judgement, which was the subject of agenda item 7, and particularly to a comment within the report that the level of resources within the Fraud Investigation Team was low.

The Audit Manager from the Audit Commission commented that when looking at the level of resources within the Fraud Investigation Team they were low compared to similar councils nationally. He also indicated that when looking at the National Performance Indicators, the figures for this Council were correspondingly low. He commented that this was an area the Council may wish to look at. The Head of Finance mentioned that the Council had a good record for success in the cases it dealt with but the Corporate Governance Group were looking at this area of work. There was a need to look at resources overall and how best to utilise them. The Leader of the Council mentioned that cases of fraud were publicised to act as a deterrent. The Committee felt that this matter should be kept under review.

The Committee indicated its support for the proposed Internal Audit Plan for 2009/10 as set out in the agenda report.

RESOLVED: that the Internal Audit Plan for 2009/10 be approved.

(Gerry Cox, Head of Internal Audit Partnership – (01458) 257410)
(gerry.cox@southwestaudit.gov.uk)

57. Audit Review – Section 106 Obligations and Commuted Sums (Agenda Item 6)

The Head of Development and Building Control summarised the agenda report, which informed members of the background to the audit review carried out by the South West Audit Partnership (SWAP) in respect of Section 106 obligations and commuted sums. The report also set out the outcome of the review, together with its recommendations and the officers' response including the action that was to be taken.

The Committee noted that the overall opinion of the audit review was that individual aspects of the securing of Section 106 agreements were pursued diligently by the Council.

Once an agreement had been concluded, however, there were inadequate and ineffectual mechanisms in place to ensure that the agreed conditions were applied or enforced as necessary and as the amounts of money involved were significant it was of key importance to the authority.

The Chairman commented that he felt that the auditor had produced an excellent and clear report setting out the key issues that needed addressing.

The Committee went through the report page by page during which the officers responded to members' questions and comments including the following:-

- reference was made to the key risk elements and it was noted that at present there were no procedures in place to ensure that the terms of a Section 106 agreement were complied with. The importance of having a system in place to monitor the status of agreed actions, conditions and requirements of a Section 106 agreement was stressed by the Committee;
- reference was made to Section 106 agreements often including actions not only for applicants but for other local authorities, e.g. Somerset County Council as highway or education authority, and to there perhaps being a need to involve the County Council in respect of the outcome of the audit review. The Head of Internal Audit Partnership commented that some form of partnership arrangement across the county would be ideal but that had not yet been considered. The request for this particular audit had been made by this District Council but it had made SWAP think about looking at carrying out similar audits in other local authorities and at the opportunity that would give to make recommendations collectively;
- the Head of Development and Building Control commented that there was a need to ensure that processes and procedures were put in place here before looking further afield. He also mentioned that the Development Control Unit had a Major Applications Team who could look at specific sites as well as more generally. He further mentioned that through his involvement with Pioneer Somerset, the possibility of having a county-wide team for major applications was being looked at;
- reference was made to the current Somerset-wide review of Section 106 agreements, which included a proposal that the wording of future agreements be amended so that the onus was placed on the developer to make payments at the appropriate times. In response to a question, the Head of Development and Building Control confirmed that there was no problem with putting the onus upon developers to make payments but the Council would need to monitor them;
- it was noted that there was a register of all completed Section 106 agreements. The Head of Finance clarified, however, that there was a need to get the appropriate officers together to ensure that a database was created showing the obligations contained within an agreement including the payment details, together with a list of trigger dates when actions were required, to enable regular monitoring to take place;
- the Head of Development and Building Control informed members of the preferred indices that were used in respect of any accounting for inflation. It was noted that there would be no spend if the development did not progress as the terms of a Section 106 agreement did not come into effect until such time as the approved development actually took place and therefore the agreement could lie latent for some considerable time;

- reference was made to commuted sums, which were required to cover some of the future maintenance costs of certain areas or items that were going to be adopted and maintained at public expense. In response to a question, the Head of Finance commented on how the sums were accounted for. It was noted that the sums were split into the service holders overall budget, against which maintenance could be charged, and not necessarily on a site specific basis. The Head of Development and Building Control commented that there would not be a problem in showing a developer that a commuted sum was used for appropriate work;
- comment was expressed that any risks associated with Section 106 agreements should be entered onto the Council's Risk Register;
- it was noted that monitoring reports on progress with the terms of a Section 106 agreement would be sent to appropriate Heads of Service as well as Area Committees (through Heads of Area Development). Management Board would also be receiving monitoring reports;
- comment was expressed that parish councils were keen to ensure that what was expected from a development was actually provided;
- the Leader of the Council suggested that it may be appropriate for the Joint Scrutiny Committee that had been set up to look at Pioneer Somerset to perhaps look at these issues;
- the Head of Internal Audit Partnership reported that SWAP would carry out a follow-up review later in the year to ensure that the need for monitoring together with the effectiveness of the process had been addressed;
- the Head of Development and Building Control informed the Committee that resulting from the County-wide review, a draft report was to be submitted for consultation to Scrutiny Committee and full Council with regard to the process of negotiating and securing Section 106 agreements.

The Committee noted the steps outlined in the agenda report that were to be taken to address the issues raised in the audit review relating to the need for mechanisms to be put in place to ensure that the terms and payments required by a completed Section 106 agreement were enforced. It was considered essential that the steps outlined were undertaken to ensure that an effective and robust system was in place to monitor Section 106 obligations.

- RESOLVED:** (1) that the actions taken to date and the proposed next steps in respect of the Audit Review of Section 106 Obligations and Commuted Sums be noted;
- (2) that the Head of Development and Building Control submit a progress report to the Committee in six months' time.

(Simon Gale, Head of Development and Building Control – (01935) 462071)
(simon.gale@southsomerset.gov.uk)

58. Use of Resources Judgement (Agenda item 7)

The Head of Finance summarised the agenda report, which outlined the Council's Use of Resources Judgement by the Audit Commission for 2007/08. She commented that even though the bar had raised yet again, the Council had improved its scoring including receiving a 4 in financial reporting, which was good news.

The Leader of the Council mentioned that this Council was the only local authority in Somerset that had scored a 4 in one of the categories. He highlighted the efforts of the Head of Finance and her team as well as the Audit Committee in achieving the score.

The Audit Manager from the Audit Commission commented that when the scores were published, the comparisons in respect of this authority would be seen to be good. He felt that the main thing to take into account was the improved score in three of the five key lines of enquiry. With reference to financial reporting he mentioned that there was a strong performance across the theme including the keeping of records, help received from staff and the rounded discussions at the Audit Committee.

The Committee noted that the Use of Resources Judgement process would change next year but would continue in addition to the new Comprehensive Area Assessment regime. The officers from the Audit Commission referred to the briefing paper attached to the agenda and summarised the new methodology that would be used for the Use of Resources Judgement and how it would fit in with the Comprehensive Area Assessment. The Committee noted that although the result of the Use of Resources Judgement would feed into the Comprehensive Area Assessment there was no scoring link between the two regimes. The Use of Resources Judgement would, therefore, be purely a District Council assessment.

During the ensuing discussion, the Audit Manager from the Audit Commission and the Head of Finance responded to a number of comments including the following:-

- the Committee noted the comments of a member who expressed his view that it would be interesting to know how the Council compared with organisations in the private sector. The Audit Manager indicated that there were recommended groups that would be used as comparators, which were predominantly other local authorities;
- the new process would tend to focus on outcomes rather than processes and partnerships. It would be cost neutral compared with the previous Use of Resources methodology;
- the Head of Finance commented that the Council would carry out a critical self-assessment prior to the actual Use of Resources Judgement taking place;
- reference was made to there seeming to be little focus on delivery to the public and the Head of Finance mentioned that stakeholder comparisons and surveys of the public were undertaken. The new Corporate Plan had also been drawn up through the involvement of stakeholders. The Audit Manager mentioned that the Comprehensive Area Assessment would focus more on the public and how they saw the service.

The Chairman thanked the officers for their report and the Committee was pleased to note the excellent result of the Use of Resources Judgement for 2007/08.

- RESOLVED:** (1) that the Audit Commission Use of Resources Judgement for 2007/08 be noted;
- (2) that the new approach being taken by the Audit Commission for 2008/09 be noted.

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

59. Data Quality Report (Agenda item 8)

The Corporate Director – Communities summarised the agenda report, which outlined the outcome of the Audit Commission's Annual Data Quality Review for 2007/08. In summary, she reported that the Audit Commission had concluded that the Council's arrangements for managing data quality continued to perform well and consistently above minimum requirements and that it had strengthened its arrangements for data quality since last year's review. The Audit Commission felt, therefore, that the Council was well placed to use available data and information to good effect.

The Audit Manager outlined the approach that was used to review data quality, the details of which were set out in the Data Quality Review report attached to the agenda. In respect of management arrangements (Stage 1) he indicated that the Council had arrangements in place, which were consistently above minimum requirements and therefore performing well. With regard to Stage 2 he indicated that the analytical review did not identify any errors in the Council's published BVPIs. Reference was then made to the data quality spot checks (Stage 3) and the Audit Manager commented that there was a need to address some problems being experienced with the Housing Benefits system to ensure that the data reporting was accurate. He further mentioned that reservations had also been placed on the two relevant BVPIs (78a and 78b) in four District Councils in Somerset. He indicated that it was a problem with the system itself and hoped to be able to say that it had been resolved later in the year.

In conclusion, the Audit Manager indicated that the Council was performing well on data quality. He also mentioned that data quality would in future be integrated into the Use of Resources Assessment, which would further increase its importance.

The Committee noted the comments of the Corporate Director – Communities who explained the nature of the problem with the computer system (Northgate) and mentioned that an upgrade was awaited from the suppliers.

The Head of Finance reported that when an Internal Audit Review was carried out by the South West Audit Partnership, they would carry out a check and test data quality and include a statement of the outcome in each review.

The Head of Finance also indicated that in association with other local authorities, the data quality of partnerships was being looked at. The comments of a member who expressed his view that the collection and collation of data from partners needed to be quicker was noted by the Committee.

The Committee noted the outcome of the Data Quality Review report and were pleased that the Council was performing well.

- RESOLVED:** (1) that the contents of the Audit Commission's Data Quality Review report be noted;
- (2) that it be noted that the action plan had been added to the Council's Strategic Improvement Plan.

(Rina Singh, Corporate Director - Communities – (01935) 462010)
(rina.singh@southsomerset.gov.uk)

60. 2008/09 Annual Governance Statement Action Plan (Agenda Item 9)

The Head of Finance summarised the agenda report and the Committee reviewed the progress with the 2008/09 Annual Governance Statement Action Plan.

In referring to the Contract Procedure Rules, which were now in place, she mentioned that the IT and Procurement Manager would be carrying out further training. With reference to the item regarding Potentially Violent Warning Markers, the Head of Finance reported that there were some issues to resolve regarding the need to write to persons who may be included on the register to give them the opportunity to make representations.

In referring to the new Contract Procedure Rules, a member queried whether they would obviate issues concerning any legal disputes that may arise in respect of any particular contract. The Head of Finance mentioned that the Contract Procedure Rules would be coming back to the Committee in due course for the consideration of some amendments and suggested that members could look at the rules at that time.

RESOLVED: that the progress report in respect of the 2008/09 Annual Governance Statement Action Plan be noted and accepted.

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

61. Health, Safety and Welfare – Annual Report (Agenda Item 10)

The Safety Adviser summarised his report on the agenda, which informed members of health, safety and welfare issues relevant to the Council's activities and undertakings. He indicated that this was an annual report for the Committee, which contained an overview of health and safety matters and/or concerns, details of new or recent health and safety legislation and comments on other health, safety or welfare matters considered likely to have some impact on Council activities.

The Safety Adviser, in referring to the accident statistics, further commented that there was a slight increase in the number of accidents over the similar period last year and more than expected bearing in mind the transfer of waste and recycling to the Somerset Waste Partnership. The accidents were, however, fairly minor. The Safety Adviser further mentioned that the accident statistics set out in the agenda report related to the period 1st January – 30th November 2008. In updating members, he reported that 5 additional accidents had occurred up to the end of the year.

A member referred to the number of days lost in respect of Streetscene Services and queried whether it would be worthwhile for more training to be carried out. The Safety Adviser commented that the accidents were generally fairly minor although one had

resulted in 20 days lost. He reported that he looked at each individual accident to see if there were any specific issues that needed addressing.

In referring to the Health Safety (Offences) Act 2008, the Safety Adviser reported that the Act came into force in January 2009, and not April as stated in the agenda report.

Reference was made to the Work Related Death Protocol and, in addition to the action shown in the agenda report, the Safety Adviser mentioned that he had produced an A4 leaflet to assist staff in what they should do in the event of minor incidents. In referring to the Work/Life Balance Survey he mentioned that there was to be a follow up workshop on 6th February 2009 for Heads of Service and Senior Managers. With reference to the item regarding the Potentially Violent Register he also referred to the need to write to people who may be included on the register as mentioned in minute 60 above. He further commented that there would be an audit of the Council's lone working arrangements.

The Safety Adviser informed the Committee that an additional priority in 2009 involved the identification of sites/rooms (other than SSDC offices) that were used for member meetings and the assessment of the suitability of the premises for that purpose. A report would be submitted to the Audit Committee in due course.

RESOLVED: that the report of the Safety Adviser giving an update on health, safety and welfare issues be noted and accepted.

*(Tony Richbell, Safety Adviser – (01935) 462655)
(tony.Richbell@southsomerset.gov.uk)*

62. Date of Next Meeting (Agenda item 11)

Members noted that the next meeting would be held on Thursday, 26th February 2009 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