

MEETING AC.10:0809
DATE 23.04.09

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in Committee Room 3/4, Council Offices, Brympton Way, Yeovil on **Thursday, 23rd April 2009**.

(10.00 a.m. – 11.25 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

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| Mike Best | Tom Parsley |
| John Calvert | Peter Roake |
| Ian Martin | Colin Winder |
| Roy Mills | |

Also Present:

Tim Carroll

Officers:

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| Rina Singh | Corporate Director - Communities |
| Donna Parham | Head of Finance |
| Gary Russ | Acting Head of ICT, Procurement and Support Services |
| Andrew Blackburn | Committee Administrator |

Also Present:

Terry Bowditch Audit Manager, Audit Commission

79. Minutes (Agenda item 1)

The minutes of the meeting held on the 26th March 2009, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

80. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. John Richardson, Alan Smith and Robin Munday (Portfolio Holder for Finance and Support Services).

81. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

82. Public Question Time (Agenda item 4)

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

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83. Annual Audit Fee 2009/10 and Annual Inspection Fee 2009/10 (Agenda item 5)

The Audit Manager from the Audit Commission referred to the agenda report and explained that previously an Annual Audit and Inspection Plan was issued at this time of year, which set out in detail the programme of work to be undertaken. He reported, however, that the Audit Commission had instead decided to issue two fee letters, which stated separately what the fees would be for the Annual Audit and for the Annual Comprehensive Area Assessment work. He indicated that an Audit Plan would be issued later in the year, which would provide more detail of the planned work to be carried out.

The Audit Manager also explained how the fees for both the Audit and Comprehensive Area Assessment were set. In referring to the Audit work he indicated that the fee was only 1% more than the previous year and 5% less than the Audit Commission's guideline figure for a local authority the size of South Somerset. He mentioned that the fee was less than the guideline figure as South Somerset had good quality working papers and support for the audit. With regard to the Comprehensive Area Assessment (CAA) he indicated that there was much greater certainty on what work would be carried out. He also mentioned that the assessment of the local partnership was being funded by the Department for Communities and Local Government, whilst the managing performance theme for the organisational assessment was based on the standard fee scale. In mentioning the work that would be undertaken he indicated that corporate assessments would no longer be carried out and that there would be less risk based service inspections. Although there may be some service inspections in the future, none were anticipated in 2009/10. He also indicated that the assessment of the local partnership would be carried out across Somerset whilst the organisational assessment specific to the local authorities themselves would be scored through two pieces of work, i.e. the managing performance theme of the CAA and the Use of Resources Assessment as part of the audit work.

During the ensuing discussion, the Audit Manager responded to members' questions and comments. Points raised included the following:-

- reference was made to the Audit fee and to whether any local authorities paid a premium for the audit work. The Audit Manager clarified that the fee could vary by plus or minus 30% of the guideline fee and that many councils were above the guideline fee. He mentioned that the quality of an individual authority's accounts processes and financial statements could cause a variation in the fees and consequently where the quality was not good the fee would be higher;
- the Audit Manager clarified that the individual service inspections regime would not stop under CAA but there would be less of them. He indicated that he did not see a need for such an inspection at South Somerset this year. Any council, however, even excellent ones, could have a service inspection and, if one took place the fee would be higher. He further commented that the need for a service inspection could be identified by intelligence gathering for the CAA. If a service inspection was found to be necessary at another local authority in Somerset it would be unique to that authority and it would not necessarily trigger an inspection elsewhere. If a service was important overall for Somerset, however, it may be that some form of cross-cutting inspection would take place when there would be one charge with each local authority being asked to contribute;
- concerns were expressed that a conjoint inspection of a service would produce a uniform outcome and not separate those councils who were doing well from those who may be failing, which may mean additional work for those councils who were not failing.

The Audit Manager commented that a cross-cutting inspection would look at any barriers to the provision of the service across the County rather than at individual authorities as such;

- a member questioned whether the Audit Commission was seeking to support existing activities or impose a blueprint on authorities. The Audit Manager clarified that the CAA would look at the Local Area Agreement and that it was for the authorities to set their priorities for the services provided with the assessment looking at how they were delivered;
- the comments of a member who indicated that, in economic development terms, South Somerset had more relationship with Dorchester than Taunton or Bridgwater were noted.

RESOLVED: that the contents of the letters from the Audit Commission regarding the Annual Audit Fee 2009/10 and Annual Inspection Fee 2009/10 be noted.

*(Amanda Card, Principal Accountant - (01935) 462542)
(amanda.card@southsomerset.gov.uk)*

84. Risk Management Update Report (Agenda Item 6)

The Acting Head of ICT, Procurement and Support Services referred to the agenda report and provided members with a summary of the risk assessment position of the Council and of the risk management process. He referred to the need to ensure that there was a robust risk management process within the authority and asked the Committee to support the approach that all staff and members undertake the awareness training module currently on the "InSite" learning pool. He also commented that the completion of the e-learning module would cover those members who had not attended earlier training sessions.

Reference was also made to the Council's Risk Management Register and the Acting Head of ICT, Procurement and Support Services confirmed that he was looking at providing a read only copy for members to access via the intranet. In response to a question, he indicated that there was a back up copy of the information contained in the Risk Register. He displayed pages of the Risk Register at the meeting for members' information. He also gave information on the number of risks and their profile both before and after controls or mitigatory measures were applied.

Reference was made to the recent failure of the telephony system, which had resulted from the need to turn off power to enable works to take place to install a generator for the Brympton Way offices. A general discussion ensued on the lessons that had been learnt in respect of risk management as a result of that incident.

Reference was made to controls being in place to minimise risk. Also, if an event happened, learning processes took place to see if any extra controls could be put in place to further mitigate and realign the risk. Any issues highlighted regarding the problem and how it was solved were recorded so that there was a learning pool of information for the future.

Reference was made to the four critical risks identified in the agenda report. In referring to the risk in respect of Government policy on concessionary fares it was noted that there was an error in the agenda report and it was clarified that the policy could change by 1st April 2011 and that it may mean a transfer of funds to either county, regional or national level.

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Reference was made to two particular critical risks, those being Partnering and Pioneer Somerset, where the profile of the Council could be affected by the partnerships it had to become involved in. It was noted that the Council had a Partnership Register in place. Members felt that it should be ensured that there was a robust risk identification process in respect of those risks and that the Committee should review them in four and six months' time respectively.

- RESOLVED:**
- (1) that the Risk Management Update report be noted;
 - (2) that the Committee endorse the approach that all staff and members must undertake the risk awareness training module currently on the "InSite" learning pool and a link to the module be notified to members;
 - (3) that the Acting Head of ICT, Procurement and Support Services submit reports to the Committee to enable the risks relating to Partnering to be reviewed in four months' time and those relating to Pioneer Somerset in six months' time.
 - (4) that the Acting Head of ICT, Procurement and Support Services arrange for a read only copy of the Corporate Risk Register to be made available for members to access via the intranet.

*(Gary Russ, Acting Head of ICT, Procurement and Support Services - (01935) 462076)
(gary.russ@southsomerset.gov.uk)*

85. Date of Next Meeting (Agenda item 7)

Members noted that the next meeting would be held on Thursday, 28th May 2009 at 10.00 a.m. in the Large Meeting Room, Yeovil Innovation Centre, Barracks Close, Copse Road, Yeovil.

NOTED.

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

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Chairman