

MEETING AC.04:0910
DATE 27.08.09

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, 27th August 2009**.

(10.00 a.m. – 11.10 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

John Calvert
John Hann
Ian Martin

Roy Mills
Colin Winder

Also Present:

Tim Carroll

Officers:

Donna Parham
Joanna Gale
Gary Russ
David Hill
Andrew Blackburn

Head of Finance
Scrutiny Manager
Head of Procurement and Support Services
Group Auditor, South West Audit Partnership
Committee Administrator

27. Minutes (Agenda item 1)

The minutes of the meeting held on the 23rd July 2009, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

28. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. Mike Best, Peter Roake and Alan Smith.

29. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

30. Public Question Time (Agenda item 4)

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

31. Internal Audit Quarter 1 Report 2009-10 (Agenda item 5)

The Group Auditor, South West Audit Partnership summarised the agenda report, which provided members with a summary of internal audit activity for the period 1st April to 31st June 2009.

The Group Auditor further reported that, as part of this and future quarterly reports, the auditor's opinion was being included in addition to showing the assurance level that had been given when reporting the outcome of operational audits that were completed to final report stage.

In updating members, he referred to the three audits that were shown in the agenda report as being at draft stage pending client approval and reported that the audit of the Parks and Open Spaces Service had now been completed to final report stage and a reasonable level of assurance had been given.

The Group Auditor also mentioned that in terms of progress with the agreed 2009/10 audit plan there were two audits from quarter 1 that were in progress with testing having been completed and draft reports now being prepared.

Members noted the comment of the Group Auditor that overall, based on the work completed to date in this financial year, he was content that risks were generally well managed and the systems of internal control were working effectively.

In response to questions from members, the Group Auditor confirmed that the operational audit of CCTV related to the service in Yeovil and the Head of Finance indicated that the audit to be carried out at Yeovil Recreation Centre covered income collection and internal controls at the Centre at Mudford Recreation Ground.

During the ensuing discussion, a member commented on the levels of assurance that were given upon completion of an audit and the view was expressed that perhaps they did not necessarily convey to the layman how good or otherwise a service was run. Comment was also expressed that staff may see the reasonable level as being a negative result when that was not the case.

The Group Auditor commented that the levels of assurance given on the outcome of an audit had been agreed by the South West Audit Partnership Board. They were also commonly used as part of normal audit practice in other areas. He noted the comments, however, and agreed to raise the issue with the South West Audit Partnership Board.

The Head of Finance acknowledged the comment made about the perception of staff regarding the assurance levels and agreed to mention this matter to Heads of Service to explain what the assurance levels meant.

RESOLVED: that the Quarter 1 Report 2009/10 of the South West Audit Partnership be noted and accepted.

*(David Hill, Group Auditor, South West Audit Partnership - (01305) 838251)
(david.hill@southwestaudit.gov.uk)*

32. Publishing Financial Transactions on SSDC Website (Agenda Item 6)

The Head of Finance referred to the agenda report and reported that a motion had been put before full Council on the 21st May 2009, which asked that greater disclosure be made of transactions made by or paid to the Council.

The motion was as follows:-
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“That this Council believing in accountability and transparency to our residents and others, notes the recent campaigns by the Taxpayers Alliance and other organisations to ensure greater disclosure of public finance. The Council therefore follows the best practice examples in resolving to publish as much data of transactions over £500.00 as is legally possible.”

Council had resolved that this matter be immediately referred to the Audit Committee to consider the ethical, legal and cost constraints and that the matter be referred back to full Council.

The Head of Finance asked the Committee to consider whether it would recommend publication of details and if so what details should be published.

The Committee noted that the Head of Finance had investigated this matter and noted her findings as set out in the agenda report.

The Chairman made a statement during which he commented that he felt that the whole basis for asking for the information to be published had arisen from the issues raised about MPs expenses in Parliament. He mentioned that District Councillors expenses and payments were published each year and were also available under the Freedom of Information Act. Councillors were also subject to Standards Board sanctions at local and national level should complaints be made.

The Chairman also referred to the Council having around 700,000 transactions each year, many being protected by confidentiality through the Data Protection Act or exempt from the Freedom of Information Act, e.g. housing benefits, and could not be revealed. He indicated that others were commercial transactions involving contracts, procurement procedures, purchase orders or backed up by invoices and were therefore clear and open. If any enquiry was made under the Freedom of Information Act for that information, it could be responded to but in many cases the permission of the contractor or supplier may be needed to disclose it. Bearing that in mind, the Chairman suggested that it would be necessary in respect of any future contracts, procurements or purchase orders to seek the tenderers/suppliers consent to disclosure upon an enquiry by the public, perhaps by way of some form of clause in a contract or tick box arrangement. At present it would be necessary to seek such permission every time on an individual basis. If such a system were put in place, concern was expressed that it may discourage firms from dealing with the Council as they may feel that the information would be useful to competitors.

The Chairman further commented that if information about transactions was published on the website, the potential cost of doing so could be huge given the amount of transactions made each year. He was also concerned that spurious enquiries or complaints may arise that could tie up personnel in dealing with them, including the potential for making arrangements for hearings for complaints, which would be a further cost to the Council. He commented that genuine concerns could be dealt with already under the Freedom of Information Act. He gave an example of the huge costs incurred by another local authority in responding to a large number of complaints many of which had been spurious.

In conclusion, the Chairman commented that he could not see any reason to publish this information given the huge administrative workload and consequent cost to setting up a system and servicing it in the future. He further expressed his opinion that members' remuneration was open, controlled and not excessive and that there was neither need nor purpose in encouraging enquiries or potential fraud, which would have major impacts on resources and finances.

During the ensuing discussion, Cllr. Tim Carroll, Leader of the Council, commented that when the motion was put before Council he had suggested that it should come to the Audit

Committee as he believed the motion had been presented without knowledge of the background that would be associated with the process of publishing the information. He felt that there was a need to ask what the benefit would be of publishing the information and concurred with the comments of the Chairman of the Audit Committee with regard to this matter as set out above.

Other members of the Committee also indicated their agreement with the comments of the Chairman in support of the view that a list of financial transactions should not be published.

Cllr. Colin Winder, who had proposed the motion at Council, indicated his disagreement with the views expressed. In response to a question, the Head of Finance reported that there was a record of cheques paid each month. Cllr. Winder commented that he was interested only in making the information open and available. The Head of Finance further commented that the Council was always open about what it paid and a question from a member of the public would always be answered even outside of the Freedom of Information Act process. She felt that any list of financial transactions that was published would be so generic that it would not be particularly useful to the public. In response to a question, the Head of Finance indicated that she was content to provide information that councillors may request and offered Cllr. Winder the opportunity to have a look at the Council's accountancy system.

The Head of Procurement and Support Services commented that some of the enquiries that may be received could be commercially driven rather than genuine public enquiries.

In conclusion, the majority of members of the Audit Committee concurred with the statement made by the Chairman and were of the view that there would be no benefit in a list of financial transactions over £500 being published. On being put to the vote, 5 members supported this view with one abstention.

RESOLVED: that Council be informed that the Audit Committee do not consider that there would be any benefit in a list of financial transactions over £500 being published for the reasons set out above.

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

33. Proposed Amendment to the Council's Constitution regarding Scrutiny Reviews (Agenda item 7)

The Scrutiny Manager summarised the agenda report and asked the Committee to consider the proposed new approach to scrutiny reviews and the process of organising review groups. She also asked the Committee to consider recommending to full Council that the necessary amendments to the Council's Constitution be approved.

During the ensuing discussion, members indicated their support for the proposed new approach. Comment was expressed, however, that there was a need to ensure that the commissions were properly structured and came to a constructive and positive outcome.

It was noted that all members of the Council had been asked to complete a profile giving their details and preferences and the Committee felt that it was important for members to respond to indicate the skills and knowledge they had. The importance of members supporting the commissions was also stressed.

RESOLVED: (1) that the proposed new approach to scrutiny reviews and the process of organising review groups be supported;

- (2) that Council be recommended to approve the amendments to the constitution as set out on pages 8-10 of the agenda.

*(Joanna Gale, Scrutiny Manager - (01935) 462077)
(joanna.gale@southsomerset.gov.uk)*

34. Local Code of Corporate Governance (Agenda item 8)

The Head of Finance summarised the agenda report, which outlined updates to the Local Code of Corporate Governance.

Upon considering the document, the Committee concurred with the comments of the Chairman that the meaning of "Place shaping surveys" referred to in the Local Code of Corporate Governance should be clarified.

- RESOLVED:** (1) that the revised Local Code of Corporate Governance as attached to pages 12-27 of the agenda be approved subject to the meaning of "Place shaping surveys" being clarified within the document;
- (2) that the making of any future changes to job titles within the Local Code of Corporate Governance be delegated to the Head of Finance.

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

35. Pioneer Somerset - Risk Management Update (Agenda item 9)

The Head of Procurement and Support Services summarised the agenda report, which updated members on the risk register relevant to Pioneer Somerset. The report also gave the opportunity for members to comment on how the Council was monitoring risk in relation to Pioneer Somerset.

During the ensuing discussion, particular reference was made to the two risks that were indicated as being major and highly probable, i.e. loss of 'political support' and not having sufficient resources (staff, time, money) to deliver the Pioneer Somerset programme. Reference was made to the potential reputational damage and penalties that may be incurred should the programme not be achieved. Comment was expressed that some councils may co-operate more than others or have problems with capacity. It was commented that this Council did not have total control and members referred to the need for this authority to do its best to mitigate the risks and work with partners.

Members expressed their unease about the high risk profile of the Pioneer Somerset programme and noted the report with concern. The Committee also felt that it would like to see more awareness by members of the risk profile, which was highlighted by this report.

On a separate issue, the Committee noted the report of the Head of Procurement and Support Services who referred to an earlier request of the Committee for the Council's risk registers to be made available to members online, which had been on hold until work to develop an integrated performance and risk management system was completed. As indicated in the agenda report the Committee noted that, in the meantime, until the risk element of the system could go 'live', members would be able to access the current Magique system by the PC in the Members' Room.

RESOLVED: that the report of the Head of Procurement and Support Services highlighting the high risk profile of the Pioneer Somerset programme be noted with concern.

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

36. Waiving of Standing Orders (Agenda item 10)

The Head of Procurement and Support Services referred to his report on the agenda, which gave a summary of any exemptions that had been made from Financial Procedure Rules or Procurement Procedures Rules.

In referring to the new Procurement Procedure Rules, the Head of Procurement and Support Services further commented that they enabled staff to make procurement decisions themselves and that he was not now having the same input in respect of procurements under £50,000. He did not believe that this had given rise to any poor practice. In response to a question, he further commented that audit reviews of services carried out by the South West Audit Partnership included looking at any commercial elements of the service.

The Head of Finance commented that the rules were very comprehensive and staff were more comfortable with what they were doing and content to use them. She further mentioned that it was necessary for all contracts to be entered onto a contracts register and staff were aware of the implications for the Council and the individual of not keeping within the rules. She indicated that the Head of Procurement and Support Services also had the support of an internal officer Procurement Board and that many of the Council's processes involved two people and checks on activity were made.

The Head of Finance further reported that she would be getting together with the Head of Procurement and Support Services to discuss the monitoring and control of procurement activity, whilst allowing services the freedom to make their own decisions. Members asked that the Head of Finance submit a report to the Committee in December to report the outcome of those discussions. The Head of Finance indicated that she would include the report as part of one already scheduled in December to update members on improvements to the finance system in respect of purchase orders.

- RESOLVED:** (1) that the report of the Head of Procurement and Support Services giving a summary of any exemptions made to Financial Procedure Rules or Procurement Procedure Rules be noted and accepted;
- (2) that the Head of Finance submit a report to the December meeting to update members with regard to the monitoring and control of procurement activity.

(Gary Russ, Head of Procurement and Support Services - (01935) 462076)
(gary.russ@southsomerset.gov.uk)
(Donna Parham, Head of Finance - (01935) 462225)
(donna.parham@southsomerset.gov.uk)

37. Date of Next Meeting (Agenda item 11)

Members noted that the next meeting would be held on Thursday, 24th September 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