

MEETING AC.07:0910
DATE 10.12.09

South Somerset District Council

Draft Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 10th December 2009**.

(10.00 a.m. – 11.00 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

Mike Best	Roy Mills
John Calvert	Peter Roake
Ian Martin	

Also Present:

Tim Carroll
Robin Munday

Officers:

Amanda Card	Finance Manager
Martin Woods	Assistant Director (Communities)
Steve Joel	Assistant Director (Health and Well-being)
Lynda Pincombe	Senior Leisure Facilities Officer
Tony Richbell	Safety Adviser
David Hill	Group Auditor, South West Audit Partnership
Jacqui Lehmann	Senior Auditor, South West Audit Partnership
Charlotte Perry	Auditor, South West Audit Partnership
Andrew Blackburn	Committee Administrator

56. Minutes (Agenda item 1)

The minutes of the meeting held on the 22nd October 2009, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

57. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. John Hann and Colin Winder.

58. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

59. Public Question Time (Agenda item 4)

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

60. Internal Audit Quarter 2 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 2009 to 30th September 2009.

During the ensuing discussion, the Committee referred to the operational audits of the three services where only a partial assurance could be given that adequate internal controls were in place, i.e. Asset Management, Markets and Yeovil Recreation Centre.

Asset Management

With reference to Asset Management, the Finance Manager reported that good progress was being made with the Audit Action Plan. She particularly mentioned the need for policies and procedures to be introduced and informed members that several policy documents were to be submitted to the Equalities Panel after which procedures would then be written up. In response to a question from the Chairman, the Finance Manager commented that she was confident that good progress was being made.

Markets

Reference was then made to Markets and the Assistant Director (Communities) commented that the audit had provided a useful review of the service. In referring to the Action Plan he reported that 9 of the 18 actions had been completed. He informed the Committee of the details of how the markets operated in the four towns of Yeovil, Chard, Crewkerne and Ilminster, the organisation of which was carried out by one member of staff. He further indicated that the operation of markets in South Somerset as a whole still generated a net surplus of income over expenditure. There was, however, large differences between the markets in Yeovil and the other three towns where the income did not meet the budgeted expectations. He further commented that as a net income was achieved overall perhaps there was an argument for there being only one budget heading to cover all of the markets. A growth bid based on falling income levels had been submitted for consideration in the 2010/11 budget setting process. Reference was also made to the need to focus not just on the financial implications but also on the benefits to the towns in terms of the social and economic value that the markets could provide. The making of an effective link in terms of regeneration was seen as a key point to take from the audit report.

In response to a question regarding the strategic objectives and how the markets may perform in the next year, the Assistant Director commented that there was competition from other towns in the region and that there was a need for the Council to be able to invest time to carry out development and marketing work to bring in additional traders.

The Committee noted the comments of a member who explained the background to the market in Crewkerne being less successful than it had been previously. It was noted that an alternative site was being looked at in the Market Square, however, the Highway Authority had some concerns with that location that still needed to be resolved. Another member referred to the market in Yeovil being quite successful and commented that if a way could be found to develop the markets they could help to enhance a town.

The Committee noted the comments of a member who suggested that in considering the development of the District Council's markets, perhaps the nature of the markets in Areas North and East could be taken into account. It was recognised, however, that those markets were privately run and not organised by the Council. The Chairman referred to the need to develop the markets to see if they could produce a positive return.

Yeovil Recreation Centre

The Assistant Director (Health and Well-being) in referring to the audit of Yeovil Recreation Centre commented that he accepted that there were areas that needed improvement and informed the Committee that 7 of the 9 actions had been completed. He expected the remaining two to be completed by the end of January. He referred to the record of the Recreation Centre being normally good and felt that the outcome of this audit should be seen as a minor anomaly. He also mentioned that there had been several developments at the Recreation Centre, which may have had an impact including the play area project, the provision of a cafe with cash procedures having added to the complexity and a change in the management of St. Michael's Hall. In response to a question, the Group Auditor commented that the full audit report in respect of the Yeovil Recreation Centre did give an overview of the developments that had taken place at the Centre.

The Assistant Director further commented that only small sums of income were dealt with at the Recreation Centre and therefore the risk to the Council in income terms was very small. Although welcoming the audit assessment, he expressed his view that the levels of assurance that were given upon completion of an operational audit did not necessarily reflect the actual level of risk associated with a particular service. He felt that the audits should take into account risks at a more strategic level rather than just at an operational level.

The Group Auditor acknowledged the comments made and informed the Committee that the risk ratings criteria used in conducting an audit were being reviewed by the South West Audit Partnership and that he anticipated that a report would be submitted to the Management Board in January with recommendations for new risk ratings.

The Committee, having noted the outcome of the operational audits and the progress that had been made against the action plans in respect of Asset Management, Markets and the Yeovil Recreation Centre, asked that further reports be submitted in respect of those services in three months' time to update members on the latest position with the action being taken to address the outstanding issues.

- RESOLVED:** (1) that the Quarter 2 report 2009/10 of the South West Audit Partnership be noted and accepted;
- (2) that the actions taken to date in respect of Asset Management, Markets and Yeovil Recreation Centre resulting from the operational audit reviews be noted and further reports be submitted in three months' time to update members on the latest position with the action being taken to address the outstanding issues.

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

61. Health, Safety and Welfare - Annual Report (Agenda Item 6)

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 annual report to the Committee 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 the number of accidents had dropped in comparison with the previous year but the number of days lost had increased, largely because of one accident, details of which he reported to the Committee. In response to a question, he also explained the category of accident that

needed to be reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). Although some of the accidents had needed to be reported under RIDDOR, the Safety Adviser indicated that most were relatively minor.

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. Annual Audit and Inspection Letter (Agenda item 7)

The Finance Manager referred to the agenda report, which introduced the Annual Audit and Inspection Letter 2008/09. The Audit Committee was asked to note the contents of the letter as attached to the agenda report.

The Finance Manager, in summarising the report, remarked that the Council had scored 3 out of 4 for each of the three Use of Resources themes. The Council had also been given an unqualified opinion in respect of the Statement of Accounts. She also referred to the areas for further improvement having been listed in the report. It was also noted that the Chief Executive had referred to the challenge for the Council being to improve on the good scores in the future.

Reference was made to the audit fees and the Finance Manager commented that International Financial Reporting Standards were being introduced in 2011, which would involve more work. She indicated that once the new reporting standards were operational, there would be an increase in charges.

The Committee concurred with the comments of the Chairman who remarked that this was an excellent report, which reflected great credit on the Finance Team.

Arising from consideration of this item, Cllr. Tim Carroll, Leader of the Council, referred to the Organisational Assessment, which was part of the Comprehensive Area Assessment, having been received recently and to the Council having received a score of 3 out of 4, which again was a good score. He referred to one of the key parts of the assessment being the Audit and Inspection Letter in addition to other outcomes. He also referred to the Organisational Assessment being a harder test and to the Council having done well.

The Committee was pleased to note the contents of the Audit and Inspection Letter and the outcome of the Organisational Assessment.

RESOLVED: that the contents of the Annual Audit and Inspection Letter for 2008/09 as set out in the agenda report be noted.

(Philip Dolan, Chief Executive - (01935) 462101)
(philip.dolan@southsomerset.gov.uk)

63. Date of Next Meeting (Agenda item 8)

Members noted that the next meeting of the Committee would be held on Thursday, 28th January 2010 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