

MEETING AC.09:0910  
DATE 25.02.10

## 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, 25th February 2010**.

(10.00 a.m. – 11.45 a.m.)

### Present:

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

John Calvert	John Richardson
John Hann	Peter Roake
Ian Martin	Colin Winder
Roy Mills	

### Also Present:

Robin Munday

### Officers:

Donna Parham	Assistant Director - Finance and Corporate Services
Amanda Card	Finance Manager
Karen Gubbins	Principal Accountant - Exchequer
Simon Gale	Assistant Director - Economy
Kirsty Jones	Housing and Welfare Manager
David Hill	Group Auditor - South West Audit Partnership
Andrew Blackburn	Committee Administrator

## 72. Minutes (Agenda item 1)

The minutes of the meeting held on the 28th January 2010, 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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## 73. Apologies for Absence (Agenda item 2)

An apology for absence was received from Cllr. Mike Best.

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## 74. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

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## 75. Public Question Time (Agenda item 4)

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

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## 76. Internal Audit Quarter 3 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 October 2009 to 31st December 2009.

In conclusion, the Group Auditor mentioned that there were no problems to report this quarter. He made particular reference to the managed audits where a review of key controls of the main financial systems was carried out annually. He was pleased to report that comprehensive assurances had been given in respect of a number of areas reviewed and that the results of these audits were exceptional, confirming that key financial controls were operating very effectively.

In response to questions from members, the Group Auditor confirmed that the operational audit of CCTV only applied to Yeovil and not the other market towns. He also explained the differences between an Operational Audit and a Governance Audit.

**RESOLVED:** that the Quarter 3 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)*

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## 77. Internal Audit Plan 2010-11 (Agenda Item 6)

The Group Auditor, South West Audit Partnership, summarised his report on the agenda, which informed members of the details of the Internal Audit Plan for 2010/11. He further mentioned that there would be greater focus this coming year on the high risk areas for the Council.

The officers then responded to members' questions and comments. Points addressed included the following:-

- the Chairman referred to a lot of terminology being used to describe the different audits and the Group Auditor clarified the scope and extent of each type of audit. He also agreed to include a glossary of the terms used in future reports;
- upon referring to the planned audit of printing and copying, a member queried whether postage was audited. The Group Auditor confirmed that postage was audited but not every year, the advice of the Section 151 Officer being taken on the frequency of the audit;
- the Group Auditor confirmed that the South West Audit Partnership itself was audited by the Audit Commission and a triennial review had been completed recently from which the feedback had been good;
- reference was made by a member to the amount of time that was spent by auditors in accessing the information they required in conducting an audit and whether there was any consequent disruption to staff in carrying out their usual work. The Group Auditor reported that an initial meeting with the service manager was held when the time to be spent with the client service was discussed and that an audit was normally carried out having regard to the client's work. He further indicated that the time spent was relatively small, which did not tend to disrupt the service. He also mentioned that there was a feedback questionnaire at the completion of an audit and that there were around 80%-90% positive returns. The Assistant Director - Economy commented from a manager's perspective and indicated that he did not find the audits to be disruptive. He also

expressed his view that if governance and housekeeping were good an audit would not be disruptive but if it was not so good then more time would be needed. He further commented that an audit and its outcome was helpful to a manager. The Assistant Director - Finance and Corporate Services also commented that audits were generally planned to fit in with the work of the authority.

**RESOLVED:** that the Internal Audit Plan for 2010/11 be approved.

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

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## 78. Internal Audit Charter (Agenda item 7)

The Group Auditor, South West Audit Partnership, summarised the agenda report and asked the Committee to review and endorse the Internal Audit Charter as attached to the agenda. It was noted that the Charter was last reviewed by the Audit Committee at its meeting on 26th February 2009.

**RESOLVED:** that the Internal Audit Charter as set out on pages 10-12 of the agenda be approved.

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

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## 79. Homeless Prevention Fund Policy (Agenda item 8)

The Housing and Welfare Manager summarised the agenda report and asked members to review and agree the proposed Homeless Prevention Fund Policy, as attached to the agenda.

During the ensuing discussion, the Housing and Welfare Manager responded to members' questions and comments. Points addressed included the following:-

- reference was made to the rechargeable elements of the fund, particularly the loans for furniture if the applicant was unable to access a Crisis Loan (administered by the Department of Work and Pensions) and the loan would result in them leaving temporary accommodation. The Chairman questioned the meaning of temporary accommodation in this instance and the Housing and Welfare Manager clarified that it could be either bed and breakfast or hostel accommodation. She noted the request of the Committee that the meaning of temporary accommodation in this context should be made clearer in the policy;
- in referring to the non-rechargeable elements, the Housing and Welfare Manager reported that payments to family/friends to keep the applicant until suitable accommodation could be found were used if it were cost effective for the Council to do so;
- the Housing and Welfare Manager confirmed that comprehensive checks were made when assessing the eligibility of applicants that were homeless or threatened with homelessness;
- the Committee was informed that one member of staff was responsible for the recovery of rechargeable elements and to housing officers also being more involved with that process. Although there was a loss at present on the Homeless Prevention Fund, this

was compensated for by the use of less bed and breakfast accommodation, the budget for which was underspent this year;

- it was noted that the Homeless Prevention Fund Policy had been introduced to set parameters for staff in operating the fund;
- reference was made to the table attached to the policy relating to Local Housing Allowance and the Committee asked that the notes relating to the maximum Housing Benefit entitlement be made clearer.

**RESOLVED:** that the Homeless Prevention Fund Policy as attached to pages 14-16 of the agenda be approved subject to the meaning of temporary accommodation and the notes regarding Housing Benefit entitlement being clarified within the document.

*(Kirsty Jones, Housing and Welfare Manager - 01935 462744)*  
*(kirsty.jones@southsomerset.gov.uk)*

## 80. **Audit Review - Section 106 Obligations and Commuted Sums Update Report (Agenda item 9)**

The Assistant Director - Economy summarised the agenda report, which updated members on the actions taken to date in response to the audit review carried out by the South West Audit Partnership (SWAP) in respect of Section 106 Planning Obligations and Commuted Sums since the Committee meeting of 23rd July 2009 when this matter was last reported.

The Assistant Director - Economy referred to it having been highlighted that there was a need to have a person responsible for ensuring that all requirements of Section 106 Obligations, including the collection and spending of financial contributions, were monitored. He informed the Committee that with effect from 1st April 2010 there would be a new post of Section 106 Monitoring Officer within the planning team. He also reported that coinciding with that appointment, new web-based monitoring software was to be purchased from IDOX. He further reported that there would be a cost of £900 for initial training and around £3,000 - £3,500 for maintenance of the system. It was noted that the software package would enable members to access information on Section 106 Obligations. The new software was expected to be installed by 1st April 2010 and he hoped to be able to arrange for a demonstration at a future meeting of the Committee.

The Committee also noted that a further audit review was being undertaken by SWAP, the outcome of which would be reported to the Committee in due course.

In response to questions and comments, the Assistant Director - Economy indicated that any modifications to Section 106 Agreements, which would need a Deed of Variation, would show within the new system. The system would also assist in keeping parish councils up to date. He further informed members that there was a single point of contact in respect of Section 106 Obligations at Somerset County Council. He also indicated that the new software would be able to handle information regarding the Community Infrastructure Levy should that be introduced by the Government.

- RESOLVED:**
- (1) that the report of the Assistant Director - Economy be noted and the actions taken in respect of the monitoring of Section 106 Planning Obligations be endorsed;
  - (2) that the Assistant Director - Economy submit a further progress report in two or three months' time when the outcome of the latest audit review is known.

(Simon Gale, Assistant Director - Economy - 01935 462071)  
(simon.gale@southsomerset.gov.uk)

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## 81. Treasury Management Strategy Statement (Agenda item 10)

The Assistant Director - Finance and Corporate Services referred to her report on the agenda and informed members of the changes required for the governance of the Council's treasury management function and introduced the Treasury Management Strategy Statement and Investment Strategy for 2010/11.

The Assistant Director explained the background to the changes including those to the CIPFA Treasury Management Code of Practice. The revised code strengthened a number of areas, details of which were set out in the agenda report and included a preference for an Audit Committee to provide a scrutiny role as part of their governance remit. The Assistant Director also referred to the changes that would be required to the Council's Constitution to accommodate the requirements of the new code and drew members' attention to the timetable for the necessary actions to implement the new process.

Reference was also made to the code stressing that appropriate training should be available in order for those responsible for treasury management to discharge their duties, which included members of the Audit Committee. The Assistant Director reported that external training was being arranged for Committee members to ensure that they had an understanding of their new role and to enable them to challenge officers on treasury management assumptions and decisions. It was noted that the training had been arranged to take place from 11.30 a.m. to 3.00 p.m. on the 27th May 2010 following the meeting of the Audit Committee on that day. It was noted that the training had been arranged to take place after the commencement of the new municipal year in case there were any changes to the membership of the Audit Committee. Separate refresher training for all Council members would also be arranged.

The Chairman referred to the work involved for the Committee in taking on this new role and to the importance of members attending the training session.

The Assistant Director commented that members would not be expected to have a comprehensive knowledge but sufficient to enable them to challenge the actions of the officers in layman's terms. In response to a question from a member, the Assistant Director reported that she, as Section 151 Officer, was ultimately responsible for treasury management decisions made.

The Committee then went through the Treasury Management Strategy Statement and Investment Strategy 2010/11 and the Assistant Director and Finance Manager answered member's questions in seeking clarification of the meaning of specific statements in the document.

The Committee suggested that it would be helpful for members if fact sheets could be written in layman's language on the main topics relating to treasury management. The Assistant Director concurred with the suggestion and agreed to arrange for appropriate fact sheets to be provided.

- RESOLVED:**
- (1) that the changes required to comply with the revised CIPFA Code of Practice be approved;
  - (2) that the Treasury Management Strategy Statement, Investment Strategy, MRP Statement and Prudential Indicators for 2010/11 be noted;

- (3) that the timetable for the training and constitutional changes required be approved.

*(Donna Parham, Assistant Director - Finance and Corporate Services - 01935 462225)  
(donna.parham@southsomerset.gov.uk)*

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**82. 2009/10 Annual Governance Statement Action Plan (Agenda item 11)**

The Assistant Director - Finance and Corporate Services summarised the agenda report and the Committee reviewed the progress with the 2009/10 Annual Governance Statement Action Plan.

In referring to the production of a register of potentially violent warning markers and dangerous buildings, the Assistant Director reported that the Chief Executive had agreed that the necessary training required from ICT staff would take place as a matter of priority and it was hoped to be completed by the end of March 2010.

**RESOLVED:** that the progress report in respect of the 2009/10 Annual Governance Statement Action Plan be noted and accepted.

*(Donna Parham, Assistant Director - Finance and Corporate Services - 01935 462225)  
(donna.parham@southsomerset.gov.uk)*

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**83. Date of Next Meeting (Agenda item 12)**

Members noted that the next meeting of the Committee would be held on Thursday, 25th March 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