

MEETING AC.04:1011
DATE 26.08.10

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, 26th August 2010.**

(10.00 a.m. – 11.05 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

Mike Best	John Richardson
John Calvert	Alan Smith
Ian Martin	Colin Winder

Officers:

Donna Parham	Assistant Director (Finance and Corporate Services)
Karen Gubbins	Principal Accountant - Exchequer
Natalie Ross	Community Development Officer (South)
Ian Baker	Group Audit Manager – South West Audit Partnership
Andrew Blackburn	Committee Administrator

30. Minutes (Agenda item 1)

The minutes of the meeting held on the 22nd July 2010, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

31. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. John Hann, Roy Mills and Peter Roake.

32. Declarations of Interest (Agenda item 3)

Cllr. Alan Smith declared his personal but non-prejudicial interest in agenda item 7 regarding the Audit Review – Asset Management Update report as Furnicare had been mentioned within the report and he had been appointed by the Council as an observer on the South Somerset Association for Voluntary and Community Action.

33. Public Question Time (Agenda item 4)

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

34. Internal Audit Quarter 1 Report 2010-11 (Agenda item 5)

The Group Audit Manager, South West Audit Partnership, summarised his report on the agenda, which provided members with a summary of internal audit activity for the period 1st April to 31st July 2010. He further referred to the ICT Audit in respect of Threat Protection, which had been shown in his report as being delayed into Quarter 2, and reported that after the intervention of the Assistant Director (Finance and Corporate Services), the Council's Section 151 Officer, the audit was back on track.

Reference was made to the operational audit of the catering service and, in response to a question from the Chairman, the Assistant Director (Finance and Corporate Services) reported that the costs of refurbishing the kitchen area had come from a capital budget allocation. Some of the equipment, however, did not fall under the classification of capital and was funded through the service revenue budget. The Assistant Director indicated that there may be a need to have a separate budget for the replacement of equipment, which was being looked at. She also referred to a more realistic budget having been set up this year for the operation of the catering service and, in response to one of the recommendations of the audit review, more time would be spent on pricing. The Group Audit Manager mentioned that the main matter to be addressed was the reporting of the canteen outturn separately in the revenue budget reports to demonstrate to management and members that the service continued to offer value for money.

In response to a question, the Group Audit Manager reported that the key control audit of the Cemeteries and Crematoria Service had not been included in the original audit plan but involved a review of key controls required to be tested for the accounts sign off. He indicated that the outcome from the key control questions was satisfactory.

RESOLVED: that the Quarter 1 Report 2010/11 of the South West Audit Partnership be noted and accepted.

*(Ian Baker, Group Audit Manager – 07917 628774)
(ian.baker@southsomerset.gov.uk)*

35. Markets Audit Action Plan - Update (Agenda Item 6)

The Community Development Officer (South) summarised the agenda report, which provided members with an update on the work undertaken in respect of the Markets Audit Action Plan.

The Community Development Officer further referred to action point 2.3a regarding engaging with market traders and particularly to the survey, which was currently being undertaken in Yeovil, and reported that there had been 100% return. A survey of the market traders in Chard was to follow. In referring to action point 3.2a, the Community Development Officer reported that the market guidelines, which had been updated, were awaiting approval by the Legal Unit for which the deadline was 1st October 2010.

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

- reference was made to action point 2.3a and it was noted that the outcome of the market traders survey was to be reported to the Area South Committee and Audit Committee. The Committee concurred with the comments of a member who asked that once the survey of the Area West markets had been completed, the outcome be also reported to the Area West Committee;

- a member commented that he could not find the new markets page on the Council's website (action point 2.1a) and the Community Development Officer agreed to check to ensure that it was available;
- reference was made to the Market Service Plan 2010/11, particularly to the item regarding ensuring compliance with Health and Safety legislation. It was noted that one of the performance measures involved making an annual update report to the Area South and Area West Committees. The Committee concurred with the comments of the Chairman who felt that a similar report on that matter should also be made to the Audit Committee;
- a member noted that one of the items in the Market Service Plan related to holding an annual meeting with Yeovil and Chard Town Councils. The Committee concurred with the comments of a member who felt that, bearing in mind that markets were also held in Crewkerne and Ilminster, an annual meeting should also be held with those town councils.

The Committee indicated that it was content with the progress made and asked for a further update in six months.

- RESOLVED:** (1) that the actions and progress made in respect of the Markets Audit Action Plan be noted and accepted subject to the above comments being taken into account;
- (2) that a further update report be submitted to the Committee in six months.

(Kim Close, Area Development Manager (South) - 01935 462060)
(kim.close@southsomerset.gov.uk)

36. Audit Review – Asset Management Update Report (Agenda item 7)

The Assistant Director (Finance and Corporate Services) summarised the agenda report, which provided members with an update on the latest position with the Asset Management Audit Action Plan. She commented that progress with the action plan was coming on well. She also referred to it being the practice for policies to be considered by the Equalities Panel and it was noted that all but three of those relating to asset management had been approved by the Panel. The Assistant Director also mentioned that officers would shortly be looking at updating the asset strategy, which would include a review of the Council's current assets.

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

- a member queried why the District Council was involved with allotments as he understood it was normally a parish council function. The Assistant Director commented that there were a small number of allotments situated on District Council land, which the parish councils did not wish to take up. A member suggested that it may be worthwhile looking at negotiating with the parish councils with regard to transferring the allotments to them. The Assistant Director reported that the Senior Land and Property Officer was investigating that matter and she would update members at the next meeting;

- reference was made to the three policies that were awaiting to be finalised and the Assistant Director explained that it was best practice for the policies to be examined by the Equalities Panel to ensure that they did not discriminate against any groups or persons. The Committee concurred with the comments of the Chairman who hoped that the policies concerned could be finalised as quickly as possible;
- the Assistant Director informed members that properties were normally let under a full repairing lease and that the Senior Land and Property Officer should see the building condition surveys to identify instances where maintenance could be the tenant's responsibility. The Assistant Director believed that this matter was in hand but would check that it was being carried out;
- concern was expressed that there were three tenancy arrangements remaining without formal agreements. The Assistant Director commented that the tenancies concerned all involved organisations with which the Council was working in partnership rather than commercial lettings. She further reported that it was being ensured that this would not happen again with any new tenancies and that efforts were still being made to resolve this matter. The Committee was concerned that formal agreements were not in place in these three cases and asked that the Assistant Director look into this matter and submit an update report at the next meeting;
- the Assistant Director explained the policy for carrying out rent reviews and mentioned that although it may be expected that revised rents would involve an increase, given the current economic climate, rents in some cases had been left at current levels to make a property more attractive. She indicated that this matter would continue to be monitored;
- reference was made to action point 2.8a regarding weighing up the benefits of introducing a deposit scheme for commercial property. The Assistant Director commented that this matter had been investigated and found not to be a viable option as the cost of administering such a scheme outweighed the benefits and was not cost effective. A member queried how many tenants, if any, left Council properties without having compensated the authority for any damage that may have been caused by them and the Committee asked for that information to be provided;
- there was a need for the implementation dates in the action plan to be made clearer.

- RESOLVED:** (1) that the report informing the Committee of the latest position in respect of the Asset Management Audit Action Plan be noted and accepted;
- (2) that a further update report be submitted to the next meeting of the Committee in respect of the items mentioned above, i.e.:-
- update on any negotiations regarding the transfer of allotments still held by the District Council to the relevant parish councils;
 - update on action being taken in respect of the three tenancy arrangements remaining without formal agreements;

- information on how many tenants, if any, left Council properties without having compensated the authority for any damage that may have been caused by them.

(Amanda Card, Finance Manager - 01935 462542)
(amanda.card@southsomerset.gov.uk)

37. 2010/11 Annual Governance Statement Action Plan (Agenda item 8)

The Assistant Director (Finance and Corporate Services) summarised the agenda report and members reviewed the progress made on the 2010-11 Annual Governance Statement Action Plan.

In response to a question, the Assistant Director reported that the target date for ensuring awareness and compliance with Government Connect through all staff completing learning pool modules was 31st March 2011.

A member, in noting the current status in the action plan regarding embedding a robust framework for the monitoring and collection of Section 106 contributions, referred to a particular Section 106 Agreement relating to Henstridge Airfield. He mentioned that although the financial aspects of the agreement were satisfactory he was concerned that progress in agreeing other terms of the agreement seemed to be protracted. The Chairman indicated that this matter did not fall within the remit of the Audit Committee and was an item that would be more properly addressed by the Scrutiny Committee. Cllr. John Calvert, who was also a member of the Scrutiny Committee, agreed that he would raise this matter at its next meeting.

The Committee indicated that it was content with the progress made on the 2010-11 Annual Governance Statement Action Plan.

RESOLVED: that the progress made with the 2010/11 Annual Governance Statement Action Plan be noted and accepted.

(Donna Parham, Assistant Director (Finance & Corporate Services) – 01935 462225)
(donna.parham@southsomerset.gov.uk)

38. Date of Next Meeting (Agenda item 9)

Members noted that the next meeting would be held on Thursday, 23rd September 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