

South Somerset District Council

Notice of Meeting



Audit Committee

Making a difference where it counts

Thursday 27th January 2011

10.00 a.m.

**Main Committee Room,
Council Offices,
Brympton Way,
Yeovil,
Somerset BA20 2HT**

The public and press are welcome to attend.

Disabled Access is available at this meeting venue.



If you would like any further information on the items to be discussed, please ring the Agenda Co-ordinator, **Andrew Blackburn** on Yeovil (01935) 462462
email: andrew.blackburn@southsomerset.gov.uk

This Agenda was issued on Wednesday, 19th January 2011

Ian Clarke, Assistant Director (Legal & Corporate Services)



2007-2008
Neighbourhood and
Community Champions:
The Role of Elected Members
2006-2007
Improving Rural Services
Empowering Communities
2005-2006
Getting Closer to Communities

This information is also available on our
website: www.southsomerset.gov.uk



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Audit Committee Membership

Chairman Derek Yeomans
Vice-Chairman Ian Martin

Mike Best John Richardson
John Calvert Peter Roake
John Hann Alan Smith
Roy Mills Colin Winder

South Somerset District Council – Corporate Aims

Our key aims are: (all equal)

- Increase economic vitality and prosperity
- Enhance the environment, address and adapt to climate change
- Improve the housing, health and well-being of our citizens
- Ensure safe, sustainable and cohesive communities
- Deliver well managed, cost effective services valued by our customers

Members' Questions on Reports prior to the Meeting

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

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Information for the Public

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Audit Committee should review the Code of Corporate Governance seeking assurance where appropriate from the Executive or referring matters to management on the scrutiny function.

The terms of reference of the Audit Committee are:

1. To approve the Strategic and Annual Internal Audit Plans;
2. To receive summaries of Internal Audit reports and seek assurance from management that action has been taken.
3. To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken.
4. To consider the effectiveness of SSDC's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action is being taken.
5. To review the annual Statement of Internal Control and monitor associated action plans.
6. To review the SSDC's Code of Corporate Governance and ensure it is kept up to date and reflects best practice. This will include regular reviews of the Council's Constitution and an overview of the risk management.
7. To receive reports from management on the promotion of good corporate governance.
8. To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised.

Meetings of the Audit Committee are held monthly including at least one meeting with the Council's external auditor.

Agendas and minutes of this committee are published on the Council's website at www.southsomerset.gov.uk

The Council's Constitution is also on the web site and available for inspection in council offices.

Further information can be obtained by contacting the agenda co-ordinator named on the front page.

Audit Committee

Thursday 27th January 2011

Agenda

Preliminary Items

1. To approve as a correct record the Minutes of the previous meeting held on 25th November 2010
2. Apologies for Absence
3. Declarations of Interest

In accordance with the Council's Code of Conduct, which includes all the provisions of the statutory Model Code of Conduct, members are asked to declare any personal interests (and whether or not such an interest is "prejudicial") in any matter on the agenda for this meeting. A personal interest is defined in paragraph 8 of the Code and a prejudicial interest is defined in paragraph 10.

4. Public Question Time

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Items for Discussion

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Confidential

11. Audit Review – Data and Communication Centre Facilities Management Report

Audit Committee – 27th January 2011

5. Certification of Claims and Returns: Annual Report

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Lead Officer: Donna Parham
Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225

Purpose of the Report

This report introduces the annual report from the Audit Commission on their findings from signing off of claims and returns for 2009/10.

Recommendation

The Audit Committee is asked to note the contents of the Certification of Claims and Returns: Annual Report 2009/10.

Introduction

The Certification of Claims and Returns: Annual Report is included within the remit of the Audit Committee under its terms of reference as follows:

“To consider the effectiveness of SSDC’s risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action has been taken”

“To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken”

Grant Claims

The Audit Commission reviews three key claims/ returns for SSDC. These are:

- Housing and Council Tax Benefit Scheme;
- Disabled Facilities grants;
- National Non-Domestic Rates (NNDR) Return.

The report from the Audit Commission is attached at pages 3-15. As was the case in the previous year the Housing and Council Tax Benefit scheme was given a qualified opinion. This was because of errors found in claims once tested, although as members can see from page 8 the values of the errors were relatively low.

An action plan has been agreed to improve this position in future years and the plan is outlined on page 10 of the Audit Commission’s report. No errors were found within the Disabled Facilities Claim. A small error was found of £277 within the NNDR claim and an amendment made.

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Financial Implications

None as a consequence of this report but £15,894 will need to be repaid to the Department of Works and Pensions and £277 repaid in terms of NNDR.

A further fee of £1,760 has been estimated for further work to be carried out on the 2008/09 housing benefit and council tax benefit subsidy claim. The further testing has been at South Somerset's request and benefit.

Background Papers: *Housing Benefit Subsidy Claim*
Disabled Facilities Grants Claim
National Non-Domestic Rates Return

Certification of claims and returns - annual report

South Somerset District Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

Funding from government grant-paying departments is an important income stream for the Council. The Council needs to manage claiming this income carefully. It needs to show to the auditors that it has met the conditions which attach to these grants.

This report summarises the findings from the certification of 2009/10 claims. It includes the messages arising from our assessment of your arrangements for preparing claims and returns and information on claims that we amended or qualified.

Certification of claims

1 South Somerset District Council receives more than £49 million funding from various grant paying departments. The grant paying departments attach conditions to these grants. The Council must show that it has met these conditions. If the Council cannot evidence this, the funding can be at risk. It is therefore important the Council manages certification work properly and can show to us, as auditors, the relevant conditions are met.

2 In 2009/10, our audit team certified 2 claims with a total value of £48 million and an extra certification of the contribution to the central pool for Non-Domestic Rates of £35 million. Of these, we carried out limited reviews of the claim for disabled facilities grant and the non-domestic rates return and a full review of the housing benefit claims. (Paragraph 17 explains the difference.)

3 We amended the housing benefit claim and issued a qualification letter to the grant paying body (Department of Work and Pensions). Appendix 1 sets out a full summary.

4 The fees we charged for grant certification work in 2009/10 were £30,072 against an estimated cost of £34,000 in our audit and inspection plan issued in April 2010.

Significant findings

5 We qualified the Council's housing benefit and council tax benefit subsidy claim for the following issues identified from our audit testing.

- One underpayment of council tax benefit where a single person discount was mistakenly allowed in the council tax system.
- One underpayment of benefit for a homeless Board and Lodging case.
- Payments above the cap of £186.80 a week for housing benefit subsidy for homeless boarding lodging benefit have been processed through another system and consequently omitted from the claim. There was no impact on subsidy.

The underpayments will be included in the 2010/11 subsidy claim.

6 Additional testing of council tax benefit cases also found one claimant with an entitlement to single person's discount but it had not been awarded in the council tax system. This resulted in an overpayment of benefit and subsidy being over claimed. This is because the award of single person's discount reduces the council tax liability, which in turn reduces the council tax benefit..

7 We extended the programme of testing to the remaining 73 council tax benefit cases for which there was a single person in the household and no single person discount had been awarded.

8 Our extended testing found 57 cases had a right to single person's discount but it had not been processed in the council tax system, resulting in an overpayment of benefit of £15,193. For 50 of these 57 cases the Council's own controls had identified and amended these errors in 2010/11.

9 As a result of testing all cases for which there was one adult living in a property and no single person discount has been awarded the Council was able to amend the claim form for these overpayments.

10 The Council has introduced extra controls to ensure that single person's discounts are only awarded to eligible council tax payers. The Council is expecting these controls to be fully effective for 2010/11

Certification fees

11 In April 2010 we issued the letter setting out an estimate of audit and inspection fees. Included in this letter was the estimate fee for the certification of 2009/10 claims to be £34,000

12 The total fee for the three returns that we audited in 2009/10 amounts to £30,072 and has reduced from £38,847 in 2008/09.

Actions

13 Appendix 2 summarises our recommendations and action plan agreed with officers.

Background

14 The Council claims around £48 million for specific activities from grant paying departments. As this is significant to the Council's income it is important that this process is properly managed. In particular this means:

- an adequate control environment over each claim and return; and
- ensuring the Council can evidence that it has met the conditions attached to each claim.

15 Section 28 of the Audit Commission Act 1998 requires us to certify some claims and returns for grants or subsidies paid by the government departments and public bodies to South Somerset District Council. We charge a fee to cover the full cost of certifying claims. The fee depends on the work required to certify each claim or return.

16 The Council is responsible for compiling grant claims and returns as the requirements and timescale set by the grant paying departments.

17 The key features of the current arrangements are as follows.

- For claims and returns below £125,000 the Commission does not make certification arrangements.
- For claims and returns between £125,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure.
- For claims and returns over £500,000 auditors assess the control environment for preparing the claim or return to decide whether they can place reliance on it. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment, auditors undertake all the tests in the certification instruction and use their assessment of the control environment to inform decisions on the level of testing required. This means the audit fees for certification work are reduced if the control environment is strong.
- For claims spanning over more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly. The approach impacts on the amount of grants work we carry out, placing more emphasis on the high value claims.

Findings

Control environment

18 We concluded that we can rely on the Council's control environment. This has allowed us to reduce the amount of testing we have had to undertake and results in lower audit fees.

19 There have not been any amendments to the non domestic rate return in the past two years. Consequently, based on the Council's reliable control environment we have been able to limit the number of audit tests to be carried out in 2009/10. However, every three years the full range of tests has to be carried out, regardless of the strength of the control environment.

20 Testing of the NDR system reports to the return found an amendment of £277 was required to total losses on collection.

Housing benefit and council tax benefit subsidy claim

Council tax subsidy

21 Our initial testing found an underpayment of council tax benefit where a single person discount was mistakenly allowed in the council tax system.

22 The underpayment has subsequently been paid and will be included in the 2010/11 benefits subsidy claim

23 Where errors are found in our initial testing we are required to extend our testing to allow us to agree an amendment or to include more testing results in the qualification letter.

24 Extended testing identified one claimant with an entitlement to single person discount but it had not been awarded in the council tax system resulting in a benefit overpayment of £241.

25 The Council was able to identify all cases where there was only one person in the household and single person discount had not been awarded.

26 Testing of these 73 cases found 57 claimants with a right to single persons discount but it had not been awarded in the council tax system resulting in overpayment of £15,193 in benefits.

27 The claim form was amended by £15,434 for total overpayments. Consequently subsidy due to the authority was reduced by £15,434.

28 Our previous audit of the 2006/07 benefit claim found differences between entitlement to single persons discount and awarding of the discount in the council tax system.

- 29** The Council put controls in place to ensure that new council tax benefit claims could not be processed unless the number living in the property was consistent with the council tax system.
- 30** The Council has also identified all older cases for checking and has made substantial progress with verification and is expecting this to be completed by 31 March 2011.
- 31** During 2010/11 the Council's verification process had already identified and amended 50 of these 57 inconsistencies but effective from 2010/11. The 2009/10 claim still had to be amended.
- 32** The Council is undertaking a project to confirm and update each council taxpayer's eligibility to single person discount. The Council expects this project to be substantially complete by 31 March 2011.

Recommendation

- R1** The Council should check that there are no inconsistencies between numbers in household of council tax benefit claimants and awards of single person discounts. The Council can generate these reports and review them on a quarterly basis.
-

Board and lodging benefit subsidy for homeless claimants

- 33** The Council has not included any values in the claim for payments above the cap.
- 34** The cap for the authority is set at £186.80 a week.
- 35** The housing benefit system calculates the housing benefit and subsidy for the claim form. Processing of amounts above cap is through a different system excluding them from the claim form.
- 36** The omission of payments over cap within the housing benefit system has had no impact on subsidy.
- 37** From 1 April 2010 the Council is using the housing benefit system to record the full amount of rent and calculate the total benefit payable.
- 38** Our initial testing of board and lodging subsidy payments found.
- One case where a wrong rate had been used for deducting breakfast resulting in a small overpayment.

- One overpayment of 3 days benefit for a case where benefit had been incorrectly recalculated back to 2005, originally £21,048 and subsequently identified and corrected by the Council for £21,005. The risk lies with the authorisation of large payments, where we recommend more stringent checks.
- One case where the backdate rule had been incorrectly applied resulting in misclassification in the claim form.
- One case where an incorrect rate had been used for the deduction of heating resulting in a small overpayment.

39 Where errors are found in our initial testing we are required to extend our testing to allow us to agree an amendment or to include more testing results in the qualification letter.

40 We extended our testing to all cases with a deduction for breakfast. No further errors were found.

41 We extended our testing to all large recalculations and resulting amendments. No more errors were found.

42 We extended our testing to the only other case classified as backdated. We found the payments had also been mistakenly classified as backdated and the claimant had been underpaid benefit of £1,448.62.

43 We extended testing to all cases with a deduction for fuel or heating and found that 2 cases had been overpaid by less than £10 in total.

44 The Council amended the claim form for the overpayments and the misclassification of backdates. The underpayments have subsequently been paid and will be included in the 2010/11 benefits subsidy claim.

45 The Council recognises the need to provide more training for staff to avoid these errors in future.

Recommendation

- R2** The Council should generate reports (on a quarterly basis) to identify and amend any incorrect deductions from board and lodging charges.
- R3** The Council should review benefit payment run reports and check any unexpectedly large payments for errors resulting in overpayments.
- R4** The Council should provide briefings to staff on backdate rules for board and lodging cases.

Other matters

2008/09 Housing benefit and council tax benefit subsidy claim

46 The Department for Work and Pensions (DWP) contacted the Council on 6 September 2010 for more information to be verified by us.

47 The Council replied to the DWP in November 2010 and has undertaken more testing on income based housing benefit claims, which it completed in December.

48 In January we reviewed the Council's testing and calculations. We concluded that the results of the testing are fairly stated. The audit fee for this further work is estimated at £1760.

Appendix 1 Summary of 2009/10 certified claims

Claims and returns above £500,000

Service	Claim	Value £	Adequate control environment	Amended	Impact on income + = increase - + decrease	Qualification letter
Revenues and benefits	Housing and council tax benefit	47,356,304	Yes	Yes	-15,894	Yes
Revenues and benefits	Non- domestic rates	34,950,907	Yes	Yes	-277	No

Claims between £125,000 and £500,000

Service	Claim	Value £	Amended	Qualification letter
Environmental services	Disabled Facilities Grants	356,000	No	No

Appendix 2 Action Plan

Recommendations

Recommendation 1

The Council should check that there are no inconsistencies between numbers in household of council tax benefit claimants and awards of single person discounts. The Council can generate these reports and review them on a quarterly basis.

Responsibility	Revenues and Benefits Manager
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Priority	Medium
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Date	31 December 2010
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Comments	Reports now run and correction made on a weekly basis.
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Recommendation 2

The Council should generate reports (on a quarterly basis) to identify and amend any incorrect deductions from board and lodging charges

Responsibility	Revenues and Benefits Manager
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Priority	Medium
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Date	February 2011
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Comments	This will form part of our ongoing subsidy monitoring work.
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Recommendation 3

The Council should review benefit payment run reports and check any unexpectedly large payments for errors resulting in overpayments.

Responsibility	Revenues and Benefits Manager
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Priority	Medium
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Date	14 January 2011
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Comments	None
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Recommendation 4

The Council should provide briefings to staff on backdate rules for board and lodging cases.

Responsibility	Revenues and Benefits Manager
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Priority	Medium
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Date	January 2011
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Comments	None
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Audit Committee – 27th January 2011

6. Health, Safety & Welfare – Annual Report

Strategic Director: Vega Sturgess, Operations & Customer Focus
Assistant Director: Laurence Willis (Environment)
Service Manager: Pam Harvey, Civil Contingencies Manager
Lead Officer: Pam Harvey, Civil Contingencies Manager
Contact Details: pam.harvey@southsomerset.gov.uk or 01935 462303

Purpose of the Report

In order to keep members informed of health, safety and welfare issues relevant to South Somerset District Council activities and undertakings, an annual report is presented to the Audit Committee.

This report covers the period from December 2009 to November 2010.

The report contains an overview of health and safety matters and/or concerns, details of any new or impending Health & Safety legislation and comments on other health, safety or welfare matters that may have some impact on Council activities.

Recommendation

That members note and comment on the report.

Report

Due to the recent retirement of the Safety Advisor, the responsibility for the management of health, safety & welfare has passed to the Civil Contingencies Manager. There has been a period of review of the service, which has recommended a number of minor changes to the way this service is provided whilst continuing to ensure the Council carries out their responsibilities under Health & Safety legislation. A report detailing these changes will be submitted to Management Board in due course.

Health & Safety Management

Since the Health & Safety Advisor post was created in 1994 the role has evolved into one where the Health & Safety Advisor supported managers at South Somerset District Council to carry out their responsibilities under the Health & Safety at Work Act.

In November 2010 the post of Health and Safety Advisor was deleted following the retirement of the post holder. The responsibilities were subsequently transferred to the Civil Contingencies Manager. This made good sense because there is a strong overlap with the safety role and risk assessment and that of business continuity. In order to comply with legislation the Authority will need to be assured that the Civil Contingencies Manager is a competent person to advise on Health & Safety matters. The Civil Contingencies Manager has recently passed a Health & Safety course approved by the Institute of Occupational Safety & Health (IOSH). This is considered to be the minimum standard required to undertake the role.

In order to take the good work of the former post holder and move forward with Health, Safety & Welfare at work at the Council it is proposed to do the following:

- Continue to recognise the responsibility of managers and their teams to carry out the operational H&S work.

- Amend the H&S management system to reflect those changes.
- Set up the TEN system to be an online H&S system, giving managers an intuitive system that will manage their risk assessments, give them online incident reporting and generic risk assessments.
- Explore opportunities for the Health & Safety Advisor at Lufton Depot to play a greater part in the Health & Safety Management process eg: H&S inspections of Council Properties, Fire Risk Assessments, arranging First Aid Training and so on.
- The high-risk areas of Streetscene & Countryside will receive special attention in terms of support for supervisors to carry out risk assessments.
- The H&S Advisor will transfer to Brympton Way for the majority of the week but will still spend time at Lufton Depot.

Accidents

Period covered December 2009 – November 2010

Service	No of Reported Accidents	Days Lost	Comments
Area Development	2	0	None
Cemetery/Crematorium	1	0	None
Community Health & Leisure	6	0	All minor injuries
Countryside	3	0	None
Customer Focus	1	0	Minor Injury
Engineering & Property	1	0	Minor Injury
Environmental Health	1	0	Minor Injury
Transport (Workshop)	3	5	1 incident resulted in days lost
HR	2	0	Trip Injuries
Legal	1	0	None
Parking Enforcement	1	0	None
Performance	1	0	None
Revenues & Benefits	2	0	None
Streetscene	16	24	5 incidents resulted in days lost
Total	41 (71 in 2009)	21 (113 in 2009)	

Number of accidents reported under Reporting of Injuries, Diseases & Dangerous Occurrences Regulations (RIDDOR) – 6 (3 in 2009)

Note: For detailed report on 2010 accidents see the appendix at pages 19-21.

New Legislation relevant to SSDC

The Fire Safety (Employees capabilities) (England) Regulations 2010 came into effect 6th April 2010; this requires employers to take employees capabilities into account when carrying out fire risk assessments and making arrangements for fire safety. The requirements will be included in future fire risk assessment updates.

Lord Young's Report

Following the General Election the new Government asked Lord Young to carry out a review of Health & Safety matters following media reports about the 'Nanny state' and of 'Health & Safety gone mad'. The report was published in September 2010 entitled Common Sense, Common Safety. This report made a number of recommendations under the various headings of Compensation, Low Hazard Workplaces, Raising

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Standards, Insurance & Education that refers to general health & safety matters. Lord Young did not suggest radical changes to the way Health & Safety is enforced other than a recommendation to a change to the timing of the Reporting of Injuries & Dangerous Occurrences (RIDDOR) and recommends that the deadline for reporting incidents be extended to seven days.

Health & Safety Management System

In the run up to the retirement of the Safety Advisor there has been some evaluation of Health & Safety management software systems to allow the Civil Contingencies Manager to monitor all risk assessments and safe systems of work, as well as allowing Service Managers to report online all incidents and update and create risk assessments and keep training records. In order to keep costs to a minimum it has been arranged that the current performance system (TEN) will have an additional module created. This will mean that, for the first time, the Council will have a central library of all risk assessments, safe systems of work and training records and that good practice can be shared across services. This system is in the process of being written, and at a future meeting of this committee it is planned that a demonstration of the new system will take place.

Background Papers: *None.*

Accidents 2010

Service	Status	Date	Cause of Accident	Resulting Injury	F2508	Days Lost	Action Taken
	Public	15/10/2010	Passed out	None	✓	0	Site first aider attended and ambulance called
Area Development	Employee	3/3/2010	Opening door with one finger	Discomfort in hand/elbow		0	Reminded to use different technique
Area South Admin	Employee	15/11/2010	Struck corner of shelf	Cut to top of head		0	No further action
Cemetery	Employee	9/2/2010	Lost control of hedge cutter	Cut to index finger		0	Refresher training to be arranged
Heritage	Employee	24/3/2010	Put hands in sink full of crockery cleaner	Sore Hands		0	Place notice above sink when this chemical is in use
Countryside	Volunteer	8/4/2010	Struck by small branch	Sore Eye		0	No further action
Countryside	Work Experience Trainee	20/5/2010	Cutting brambles with hand saw	Saw cut to palm of right hand		0	Reminded to wear gloves for this operation
Countryside	Employee	30/11/2010	Concrete rolled onto foot	Bruising to foot		0	No further action
Customer Services	Employee	23/6/2010	Chair snagged on carpet	Bruise to left thigh		0	Carpet fault reported to property services
Engineering & Property	Employee	31/3/2010	Medication imbalance	Dizzy Spell		0	Went to GP who changed medication
Environmental Health	Employee	17/9/2010	Caught finger on plastic file tab	Cut to middle finger		0	No further action
Fleet Services	Contractor	2/2/2010	Hand held grinder slipped	Cut to index finger		0	Supervisor reminded operative to wear gloves
Fleet Services	Contractor	22/3/2010	Fitting a starter motor	Back pains		0	No further Action
Fleet Services	Employee	1/3/2010	Grabbed a spinning spanner	Torn ligaments in left shoulder	✓	5	Review method of work

Service	Status	Date	Cause of Accident	Resulting Injury	F2508	Days Lost	Action Taken
Human Resources	Employee	8/10/2010	Tripped up on stairs	None		0	No further action
Human Resources	Employee	19/7/2010	Tripped over metal barrier	Sore wrist and bruised knee		0	No further action
Legal	Employee	30/9/2010	Dog Bite	Bite to upper right thigh		0	Incident reported to dog warden & Police, letter sent to owner.
Leisure	Employee	28/7/2010	Switched on electrical socket whilst cleaning	Electric shock		0	Socket checked and no fault found. RCDS to be fitted.
Leisure	Employee	7/5/2010	Bumped into display case	Bruising to left upper arm		0	No further action
Leisure	Employee	13/5/2010	Caught right hand on door frame	Cut to right hand		0	No further action
Leisure	Employee	14/7/2010	Cleaning a light fitting	Cut knuckle on right hand		0	No further action
Leisure	Employee	27/9/2010	Struck metal loading ramps	Cut to left shin		0	No further action
Performance	Employee	12/2/2010	Lost balance	Bruising to left side		0	To see GP ref low blood pressure
Revenues & Benefits	Employee	10/5/2010	Tripped up stairs	Cut & bruise to left knee		0	Checked stairs for condition/damage-No further action
Revenues & Benefits	Employee	8/7/2010	Bumped into contractor working in office	Cut finger		0	No further action
Streetscene	Employee	4/8/2010	Tripped on section of pavement	Sprained right ankle	✓	6	Contacted SCC Highways re poor design of pavement
Streetscene	Contractor	20/8/2010	Not Known	Foreign body in right eye		0	No further action
Streetscene	Employee	15/1/2010	Struck sharp item hidden in undergrowth	Cut to left knee	✓	6	Reminded to wear appropriate PPE eg: Armoured trousers

Service	Status	Date	Cause of Accident	Resulting Injury	F2508	Days Lost	Action Taken
Streetscene	Employee	26/11/2010	Tripped over whilst feeding material into shredder	Sprained left wrist		0	Reminded to follow safe system of work
Streetscene	Employee	18/2/2010	Slipped whilst assisting arborist	Cuts to right forearm		0	Checked system of work and HSE code of practice
Streetscene	Trainee	25/11/2010	Slipped on slope	Twisted ankle	✓	4	Check system of work
Streetscene	Employee	12/8/2010	Lid of dog bin closed on finger	Cut to middle finger right hand			Reminded to wear gloves
Streetscene	Employee	25/8/2010	Struck by moving object (hammer)	Swollen & bruised left ankle		0	No further action
Streetscene	Contractor	29/6/2010	Slipped off footpath whilst strimming grass	Pains in left arm/shoulder	✓	4	No further action
Streetscene	Employee	11/8/2010	Tripped over log	Suspected torn ligaments		4	No further action
Streetscene	Employee	10/8/2010	Insect bite/sting	Swelling/irritation to left arm shoulder		0	No further action
Streetscene	Employee	10/8/2010	Suspected bramble thorn or needlestick injury	None		0	Blood test (as a precaution)
Streetscene	Employee	8/1/2010	Slipped on ice	Bruised left elbow		0	No further action
Streetscene	Trainee	30/6/2010	Struck hinge pin on barrow lid	Small cut below left eye		0	Replace existing pin with correct type
Streetscene	Employee	14/6/2010	Closing gate (Lifting)	Pains in left shoulder		0	Gate repaired to improve fit
Streetscene	Employee	27/11/2010	Mower wheel dropped into hole	Pain in left hip		0	Holes filled in

7. Preparation of 2010/11 Statement of Accounts and IFRS

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham, (Finance and Corporate Services)
Service Manager: Amanda Card, Finance Manager
Lead Officer: Amanda Card, Finance Manager
Contact Details: amanda.card@southsomerset.gov.uk or 01935 462542

Purpose of the Report

To update members of the Audit Committee on the progress being made on implementing statutory required changes in financial reporting from UK General Accepted Accounting Practice (UK GAAP) to International Financial Reporting Standards (IFRS).

Recommendations

- (1) That members note the progress being made on implementing statutory required changes in financial reporting under International Financial Reporting Standards.
- (2) That members note the restatement of the 2008/09 and 2009/10 balance sheets.

Background

It is a statutory requirement for all local authority financial statements to be IFRS compliant by 2010/11. In order to prepare IFRS compliant accounts by 2010/11, the Council will need to revise its accounting policies, change the format of its financial statements and include a significant number of additional disclosures. It will need to restate its 2008/09 and 2009/10 comparative figures and report these together with its 2010/11 figures on an IFRS basis.

Members will recall seeing an Action Plan (Appendix A) that was produced to ensure that the Council achieves relevant timescales in order to comply with the statutory requirements.

The main areas that the Council will need to focus on is:

- First time adoption
- Leases (lessee and lessor accounting)
- Fixed Asset Accounting
- Employee Benefits
- Group Accounts
- Segmental Reporting.

First Time Adoption

To prepare IFRS compliant accounts for 2010/11 with full comparative data, the Council needs to prepare an opening balance sheet that is IFRS compliant as at the transition day of 1st April 2009. This will enable comparison figures for 2009/10 to be prepared, with full disclosure of IFRS Statements at 31st March 2011.

The main components of the financial statements will remain broadly the same, but there will be some areas such as the format and content of the financial statements where there will be significant changes. Additional disclosures will be required.

Where there have been changes in accounting estimates, disclosure will need to be made of the nature and amount of the change that effects the current period or that is expected to have an effect in future periods, e.g. revision of asset lives.

Progress on Action Plan

The target dates for individual tasks have been met with the exception of the update report to Audit Committee (due in September 2010) and the report highlighting any changes to the Accounting Policies (due in October 2010). The accounting policies were written in August 2010 and Audit Committee will be asked to approve these in February 2011. The delay in this task was due to an assessment to ensure that the accounting policies were appropriate and fit for purpose.

The key milestones of preparing the 2008/09 and 2009/10 balance sheets have been met successfully and steps are in place to ensure that the restatement of the Comprehensive Income and Expenditure Account, the Movement in Reserves and the Cashflow are prepared by the target date.

Restatement of Balance Sheets for 2008/09 and 2009/10

The conversions for the balance sheets from UK GAAP to IFRS for 2008/09 and 2009/10 are shown in Appendix B and Appendix C respectively. Adjustments have been carried out for recategorisation, revaluation and necessary depreciation of non-current assets, employee entitlement, government grants deferred, and leases.

The change in net worth from the original 2008/09 balance sheet to the converted balance sheet under IFRS has been an increase of £4.091 million. The change in net worth from the original 2009/10 balance sheet to the converted balance sheet under IFRS is an increase of £6.505 million. Beneath is a summary of the adjustments shown in Appendix B (2008/09) and Appendix C (2009/10).

	2008/09 (£'000)	2009/10 (£'000)
Balance Sheet Per SORP	46,315	16,309
Recategorisation of Non-Current Assets	-2,276	-154
Introduction of Employee Entitlements	-1,040	-1,119
Removal of Government Grants Deferred	7,436	7,791
Recognising Finance Leases	-29	-13
Balance Sheet Per IFRS	50,406	22,814

These changes have been due to changes in accounting policies and not as a result of any operational circumstances.

Conclusion

Excellent progress has been made, and members should be comforted to know that steps are in place to ensure that statutory deadlines are met and that the 2010/11 accounts are IFRS compliant.

AC

Financial Implications

There are no financial implications in accepting this report and the associated recommendations

Background Papers: *Audit Committee – 28th January 2010 - Preparation of 2010/11 Statement of Accounts and IFRS
Statement of Accounts 2008/09
Statement of Accounts 2009/10*

APPENDIX A

		Target Date	Actual Date	Resources	Key Contact
1	Carry out high level impact assessment on the following: PFI Leases (Lessee and Lessor) Plant, Property and Equipment Employee Benefits Format of Accounts Segmental Reporting	May 2009	May 2009	N/A Officer Time Officer Time Officer Time Officer Time Officer Time	N/A Paula Jeffery/Catherine Hood/Amanda Card Nicola Brine/Richard Holwill Amanda Card Amanda Card Jayne Beevor
2	Identify Changes to Accounting Policies (See item 14)	Jan 2010	Jan 2010	Officer Time	Amanda Card
3	Identify Key Staff HR Asset Management District Valuer	May 2009	May 2009	Officer Time Officer Time Officer Time	Mike Holliday/Heads of Services Diane Layzell Charles Cox
4	Key staff trained on IFRS transition	Ongoing	Ongoing	Officer Time Provision of training material, training facilities	Amanda Card
5	Identify systems and procedural changes (including Chart of Accounts changes) required Format of Accounts New Reserves Needed	Jan 2010	Jan 2010	Officer Time	Financial Systems, Finance
6	Identify Information Required Leases (Lessee and Lessor) Employment Benefits Valuations	Oct 2009 Oct 2009 Oct 2009	Oct 2009 Oct 2009 Oct 2009	Officer Time Officer Time Officer Time	Paula Jeffery/Catherine Hood/Amanda Card Amanda Card Nicola Brine
7	Develop Skeleton Statement of Accounts under IFRS (Principal Statements)	Nov 2010	Nov 2010	Officer Time	Amanda Card
8	Obtain Information required to restate 1 April 2009 Balance Sheet Leases (Lessee and Lessor) Employee Benefits	Jan 2010 Jan 2010 Nov 2009	 July 2010 Nov 2009	Officer Time Officer Time Officer Time	Richard Holwill Paula Jeffery/Catherine Hood/Amanda Card Amanda Card
9	Identify likely Impact on Budgets (if any)	Nov 2009	Nov 2009	Officer Time	Donna Parham/Amanda Card
10	Implement Systems and Procedural Changes	Feb 2010	Feb 2010	Officer Time Officer Time Officer Time	Financial Systems, Finance Richard Holwill HR
11	Communication Audit Committee Senior Officers - Management Board Senior Officers - Corporate Performance Team Finance Non-Finance	Jan 2010 Dec/Jan 2010 Jan 2010 Ongoing Ongoing	Jan 2010 Dec/Jan 2010 Jan 2010 Ongoing Ongoing	Officer Time Officer Time Officer Time Officer Time Officer Time	Amanda Card
12	Training for all relevant staff and members Audit Committee Finance Non-Finance Staff	Feb/March 2010 Ongoing Feb 2010	Ongoing	Officer Time Training materials, training facilities	Amanda Card

APPENDIX A

		Target Date	Actual Date	Resources	Key Contact
13	Update Report to Audit Committee	Sept 2010		Officer Time	Amanda Card
14	Establish Accounting Policies alongside Key Judgements Cash Equivalents Leases - SSSC Lessor (Property)/SSDC Tenant (Property)/ Vehicles/MFDs/Printroom/Car Leases/IFRIC 12 Categorisation of non-current assets - Plant, Property and Equipment/Investment Properties/Non-current assets held for sale/Intangible Assets Componentisation - PPE Employees Benefits Govt and Non-Govt Capital Grants Group Accounts	Sept 2010 Sept 2010 Sept 2010 Sept 2010 Sept 2010 Sept 2010	Aug 2010 Aug 2010 Aug 2010 Aug 2010	Officer Time Officer Time Officer Time Officer Time Officer Time	Amanda Card Amanda Card/Catherine Hood Amanda Card/Catherine Hood Amanda Card Amanda Card/Catherine Hood Amanda Card
15	Request Valuations (to come in after September 2010) Recategoratised Assets Enhanced Assets 5-year rolling plan assets	Oct 2010	Oct 2010	Officer Time	Catherine Hood
16	Take Accounting Policies to Audit Committee	Oct 2010		Officer Time	Amanda Card
17	Perform Calculations for entry in Statements Componentisation - PPE Investment Properties Non-current assets held for sale Intangible Assets Employees Benefits Govt and Non-Govt Grants	Oct 2010 Oct 2010 Oct 2010 Oct 2010 Oct 2010 Oct 2010	Nov 2010 Nov 2010 Nov 2010 Nov 2010 Sept 2010 Nov 2010	Officer Time Officer Time Officer Time Officer Time Officer Time Officer Time	Amanda Card/Catherine Hood Amanda Card Amanda Card Amanda Card Karen Gubbins Amanda Card
18	Restate 1 April 2009 balance sheet (including reconciliations between UK GAAP and IFRS)	Dec 2010	Dec 2010	Officer Time	Amanda Card / Accountancy
19	Restate 2009/10 accounts process (including reconciliations between UK GAAP and IFRS) Balance Sheet Comprehensive Income and Expenditure Account Movement in Reserves Cashflow	Dec 2010 Jan 2011 Jan 2011 Jan 2011	Dec 2010	Officer Time Officer Time Officer Time Officer Time	Amanda Card / Accountancy Amanda Card / Accountancy Amanda Card / Accountancy Amanda Card / Accountancy
20	Prepare Template for Publication of Statement of Accounts	Jan 2011		Officer Time	Amanda Card / Accountancy
21	Produce 2010/11 accounts on IFRS basis	April - June 2011		Officer Time	Amanda Card / Accountancy

Balance Sheet	Per SORP		Adjustments Required for IFRS Conversion				Per IFRS		
	31 March 09		Cash Equivalents	Recategorisation of Non-Current Assets	Employee Entitlements	Government Grants Deferred	Leases	31 March 09	
	£s	£s						£s	£s
Fixed Assets:									
Intangible assets		80,226.28						80,226.28	
Tangible fixed assets									
Operational assets:									
- Other land and buildings	37,725,790.28			7,095,680.46				44,821,470.74	
- Vehicles, plant, furniture and equipment	2,437,732.00					426,737.29		2,864,469.29	
- Infrastructure assets	35,766.74							35,766.74	
- Community assets	1,055,879.43							1,055,879.43	
		41,255,168.45						48,777,586.20	
Non-operational assets:									
- Investment properties	8,929,142.38			-8,929,142.38				0.00	
- Assets under construction	22,260.46			-22,260.46				0.00	
- Surplus assets, held for disposal	755,006.00			-755,006.00				0.00	
- Non-Current Assets Held for Sale (IFRS)				335,000.00				335,000.00	
		9,706,408.84						335,000.00	
Total Fixed Assets		51,041,803.57						49,192,812.48	
Long-term investments		18,081,773.63						18,081,773.63	
Long-term debtors		713,120.53						713,120.53	
Total Long-Term Assets		69,836,697.73						67,987,706.64	
Current assets:									
Stocks and work in progress	147,189.02							147,189.02	
Debtors	4,702,378.79			16,409.40				4,718,788.19	
Cash and Bank	1,127,939.93		17,560,000.00					1,127,939.93	
Investments	21,571,547.84		-17,560,000.00					21,571,547.84	
		27,549,055.58						27,565,464.98	
Total Assets		97,385,753.31						95,553,171.61	
Current liabilities:									
Creditors	-964,827.98			-1,056,803.14	-2,033,303.47			-4,054,934.60	
Receipts in Advance	-5,956,306.34							-5,956,306.34	
Capital grants & contributions unapplied Receipt in Advance	0.00				2,033,303.47			2,033,303.47	
Other	0.00							0.00	
Bank overdraft	0.00							0.00	
		-6,921,134.32						-7,977,937.47	
Total Assets less Current Liabilities		90,464,618.99						87,575,234.15	
Long Term Liabilities:									
Provisions	-15,312.50							-15,312.50	
Developers Contributions Deferred	-274,528.49							-274,528.49	
Government grants-deferred	-7,436,416.38				7,436,416.38			0.00	
Long Term Liabilities - Finance Lease	-80,428.43					-455,886.74		-536,315.17	
Liability related to defined benefit pension schemes	-36,343,000.00							-36,343,000.00	
		-44,149,685.80						-37,169,156.16	
Total Assets less Liabilities		46,314,933.19	0.00	-2,275,728.38	-1,040,393.75	7,436,416.38	-29,149.46	50,406,077.99	
Financed by:									
Revaluation Reserve	-7,103,014.22							-7,103,014.22	
Available for Sale Financial Instrument Reserve	-1,099,836.69							-1,099,836.69	
Capital Adjustment Account	-32,889,134.31			2,275,728.38		-7,436,416.38	29,149.46	-38,020,672.85	
Financial Instruments Adjustment Account	-120,399.47							-120,399.47	
Usable Capital Receipts Reserve	-34,146,184.09							-34,146,184.09	
Deferred Capital Receipts	-222,277.63							-222,277.63	
Pensions Reserve	36,343,000.00							36,343,000.00	
Accumulated Absences Account (IFRS)	0.00				1,040,393.75			1,040,393.75	
Earmarked Reserves	-4,370,875.65							-4,370,875.65	
General Fund Balances	-2,678,399.71							-2,678,399.71	
Collection Fund	-27,811.41							-27,811.41	
Total Net Worth		-46,314,933.18	0.00	2,275,728.38	1,040,393.75	-7,436,416.38	29,149.46	-50,406,077.98	

Balance Sheet	Per SORP 2009							Per IFRS	
	31 March 10		Cash Equivalents	Recategorisation of Non-Current Assets	Employee Entitlements	Government Grants Deferred	Leases	31 March 10	
	£s	£s						£s	£s
Fixed Assets:									
Intangible assets		64,840							64,840
Tangible fixed assets									
<u>Operational assets:</u>									
- Other land and buildings	38,660,757			8,201,747				46,862,504	
- Vehicles, plant, furniture and equipment	2,600,944						298,410	2,899,354	
- Infrastructure assets	637,563							637,563	
- Community assets	672,423							672,423	
		42,571,687							51,071,844
<u>Non-operational assets:</u>									
- Investment properties	8,155,528			-8,155,528				0	
- Assets under construction	105,619							105,619	
- Surplus assets, held for disposal	275,000			-275,000				0	
- Non-Current Assets Held for Sale (IFRS)				75,000				75,000	
		8,536,147							180,619
Total Fixed Assets		51,172,674							51,317,302
Long-term investments		15,098,874							15,098,874
Long-term debtors		611,859							611,859
Total Long-Term Assets		66,883,407							67,028,036
Current assets:									
Stocks and work in progress	133,873							133,873	
Debtors	6,750,787				11,224			6,762,011	
Cash and Bank	10,095		19,000,000					19,010,095	
Investments	24,050,100		-19,000,000					5,050,100	
		30,944,855							30,956,078
Total Assets		97,828,262							97,984,114
Current liabilities:									
Creditors	-3,418,529				-1,130,002	-1,741,293		-6,289,824	
Receipts in Advance	-3,246,218							-3,246,218	
Capital grants & contributions unapplied	0					1,741,293		1,741,293	
Bank overdraft	-925,251							-925,251	
		-7,589,998							-8,720,000
Total Assets less Current Liabilities		90,238,264							89,264,114
Long Term Liabilities:									
Provisions	-20,313							-20,313	
Developers Contributions Deferred	-347,568							-347,568	
Government grants-deferred	-7,791,211					7,791,211		0	
Long Term Liabilities - Finance Lease	-44,444						-311,813	-356,257	
Liability related to defined benefit pension schemes	-65,726,000							-65,726,000	
		-73,929,535							-66,450,137
Total Assets less Liabilities		16,308,729	0	-153,781	-1,118,778	7,791,211	-13,403		22,813,977
Financed by:									
Revaluation Reserve	-7,945,611								-7,945,611
Available for Sale Financial Instrument Reserve	-891,647								-891,647
Capital Adjustment Account	-31,802,168			153,781		-7,791,211	13,403		-39,426,195
Financial Instruments Adjustment Account	-101,191								-101,191
Usable Capital Receipts Reserve	-33,938,893								-33,938,893
Deferred Capital Receipts	-162,096								-162,096
Pensions Reserve	65,726,000								65,726,000
Accumulated Absences Account (IFRS)	0				1,118,778				1,118,778
Earmarked Reserves	-3,608,282								-3,608,282
General Fund Balances	-3,604,887								-3,604,887
Collection Fund	20,047								20,047
Total Net Worth		-16,308,729	0	153,781	1,118,778	-7,791,211	13,403		-22,813,977

Audit Committee – 27th January 2011

8. Prudential Indicators regarding External Debt

Strategic Director: Mark Williams, Chief Executive
 Assistant Director: Donna Parham (Finance and Corporate Services)
 Service Manager: Amanda Card, Finance Manager
 Lead Officer: Karen Gubbins, Principal Accountant - Exchequer
 Contact Details: karen.gubbins@southsomerset.gov.uk or (01935) 462456

Purpose of the Report

- To review the Prudential Indicators for the Authorised Limit for External Debt and the Operational Boundary for External Debt and amend the split between borrowing and long term liabilities.

Recommendations

- The Audit Committee is asked to note the split between borrowing and long term liabilities whilst still maintaining the overall total for the Authorised Limit for External Debt and the Operational Boundary for External Debt, as follows:

The Authorised Limit for External Debt (Prudential Indicator 8)	
Borrowing	£11,450,000
Other long term liabilities	£550,000
TOTAL	£12,000,000

The Operational Boundary for External Debt (Prudential Indicator 9)	
Borrowing	£9,500,000
Other long term liabilities	£500,000
TOTAL	£10,000,000

Background

- The move to local authorities implementing International Financial Reporting Standards (IFRS) has implications for the Capital Financing Requirement (CFR) components on the Balance Sheet. Analysis of the Council's leases against IFRS implications have resulted in the related assets and liabilities having to be brought onto the Council's balance sheet. This has impacted on estimates for the CFR, which have now been updated. This has resulted in changes being required to the Council's Authorised Limit and the Operational Boundary, which require Council agreement and approval.
- The Assistant Director (Finance and Corporate Services) has delegated authority, within the total limit for any individual year, to affect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

AC

Conclusion

5. Following the restatement of the financial statements to fall in line with International Financial Reporting Standards and the reclassification of operational leases to finance leases the value of long term liabilities as at 31st March 2010 is £445,411. Therefore, by not agreeing the recommendation we would be breaching the Prudential Indicators on External Debt.

Background Papers: *Prudential Indicators Working Paper, Treasury Management Strategy Statement*

Audit Committee – 27th January 2011

9. 2010/11 Annual Governance Statement Action Plan

Strategic Director: *Mark Williams, Chief Executive*
Assistant Director: *Donna Parham (Finance and Corporate Services)*
Lead Officer: *Donna Parham*
Contact Details: *donna.parham@southsomerset.gov.uk or 01935 462225*

Purpose of the Report

This report has been prepared for the Audit Committee to review the progress made on the 2010-11 Annual Governance Statement (AGS) Action Plan.

Recommendation

To note the progress made.

Background

The Audit Committee agreed the action plan in May 2010 at the same time as approving the Annual Governance Statement. As agreed the action plan will be monitored quarterly to ensure progress is made and improvements in governance are acted upon during the year. This will strengthen the overall governance framework and improve the assurances that can be given for the next Annual Governance Statement.

Action Plan

The action plan is attached on pages 32-33 and the current status of the each issue is shown. At present all actions are progressing well.

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: *None*

**SOUTH SOMERSET DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT**

2010/11 ACTION PLAN

No.	Issue	Responsible Officer	Actions	Current Status
1	A robust framework will be embedded for the monitoring and collection of S106 contributions	David Norris	Implement a framework for the monitoring and collection of S106 contributions.	Officer appointed to oversee S106's New electronic database system installed and currently being populated with historic data.
2.	Ensure awareness and compliance with Government Connect through all staff completing learning pool modules;	Roger Brown	Complete policies and publish on Insite and complete a training programme for staff	Policies are now in place and a training programme is being drawn up
3.	Provide further training for staff on the Use of Information Technology Policy to ensure all staff are aware and comply with the policy	Roger Brown	All staff to be trained in the new policies.	Training now complete. A leaflet has been sent to non ICT and casual staff so they are aware of the policies.
4.	Introduce training and awareness refreshers for the Corporate Performance Team on Risk, Local Code of Corporate Governance , and best practice in Service Planning ;	Donna Parham	Improve the overall governance of the authority through training and ensuring managers are aware of their responsibilities in all areas of governance.	Training was given to Corporate Performance Team in July 2010. Managers have been requested to work through the Statement of Operational Controls and ensure they are familiar with their governance responsibilities by the 31 st March 2011.

No.	Issue	Responsible Officer	Actions	Current Status
5.	To use the results of the Ethical Governance Survey to identify and concentrate on those areas requiring further development, improvement or support.	Ian Clarke	Standards Committee to consider outcomes and devise a training plan to meet identified needs.	The Government has decided to abolish Standards Committees.
6.	Produce a Fraud and Data Strategy to link all anti-fraud work and improve officer awareness of anti-fraud and whistle blowing policies .	Lynda Creek	Strategy and action plan to be produced and adopted by Council. Training to be arranged for both officers and members.	The strategy is on course to be presented to Council for approval by the end of June 2011. Once approved, the anti-fraud and whistle blowing policies will be updated and training provided for officers and elected members on the key elements.

AC

Audit Committee – 27th January 2011

10. Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on 24th February 2011 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

Confidential Item

The Committee is asked to agree that the following report be considered in Closed Session by virtue of the Local Government Act 1972, Schedule 12A under paragraph 3: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)." It is considered that the public interest in maintaining the exemption from the Access to Information Rules outweighs the public interest in disclosing the information.

11. Audit Review – Data and Communication Centre Facilities Management Report