

MEETING AC.10:1011
DATE 24.03.11

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, 24th March 2011**.

(10.00 a.m. – 11.25 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

John Calvert
John Hann
Roy Mills

John Richardson
Alan Smith
Colin Winder

Also Present:

Tom Parsley
Martin Wale

Officers:

Donna Parham
Garry Russ
Kim Close
Neil Waddleton
Andrew Blackburn

Assistant Director (Finance and Corporate Services)
Procurement and Risk Manager
Area Development Manager (South)
Section 106 Monitoring Officer
Committee Administrator

Also Present:

Peter Lappin Audit Manager, Audit Commission

93. Minutes (Agenda item 1)

The minutes of the meeting held on the 24th February 2011, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

94. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. Ian Martin and Peter Roake.

95. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

96. Public Question Time (Agenda item 4)

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

97. Markets Audit Action Plan – Update (Agenda item 5)

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

The Area Development Manager (South) reported that all the actions in the Audit Action Plan had been completed but that did not mean that work to develop the markets would not continue. She referred to having a revised structure, which would mean that not all responsibility for the marketing and promotion of markets would be placed solely with the Markets Supervisor. She mentioned that costs were being reviewed and also that the Area Development Manager (West) was reviewing the markets in Area West with a view to agreeing a Markets Improvements Action Plan in respect of Chard, Crewkerne and Ilminster, which was to be considered by the Area West Committee in due course.

The Area Development Manager (South) in referring to the second paragraph under the heading “Report Detail” in the agenda report, particularly the reference to the market survey undertaken in Yeovil, mentioned that the return rate was not 100% as shown but nonetheless had been very good at 56% as stated later in the report.

During the ensuing discussion, reference was made by a member to it seeming that some market traders were not charged in Area South whilst they were in Area West. The Area Development Manager (South) explained that the current policy was that specialist farmers’ markets were not charged by SSDC whilst ordinary market traders were. She also indicated that the Yeovil Town Centre Partnership saw the farmers market traders in and out at the beginning and end of the day. Members commented that this seemed unfair and the Committee suggested that a review of the policy should be undertaken, which was noted by the Area Development Manager (South).

The Committee was pleased with the progress made in respect of the Markets Audit Action Plan and congratulated the Area Development Manager (South) for the work undertaken. Members asked that a further update be made in nine months’ time.

- RESOLVED:**
- (1) that the actions and progress made in respect of the Markets Audit Action Plan be noted and accepted;
 - (2) that a further update report be submitted to the Committee in nine months.

*(Kim Close, Area Development Manager (South) – 01935 462708)
(kim.close@southsomerset.gov.uk)*

98. Annual Audit Plan (Agenda Item 6)

Reference was made to the agenda report, which introduced the Audit Commission’s Annual Audit Plan for 2010/11.

The Audit Manager summarised the Annual Audit Plan during which he mentioned that the provisional fee for the audit would be around £113,000, 7% below the scale fee for a similar sized Council. He further commented that the work would include the audit of the financial statements and would take into account the specific risk identified regarding the need to restate the 2009/10 closing balances and to use a different format for the presentation of the accounts in accordance with International Financial Reporting Standards (IFRS). He also stated that the audit would be undertaken in accordance with International Standards on Auditing and that details of how the audit would be carried out,

including the proposed timetable, were set out in the Audit Plan attached to the agenda report. He indicated that the value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness and opinion on the financial statements would be presented to the Audit Committee in September 2011.

The Assistant Director (Finance and Corporate Services) commented that preparatory work had been carried out regarding the restatement of accounts, which had been given the green light from the Audit Commission and was on target.

In response to a question, the Audit Manager updated members on the future of the Audit Commission following the Government's announcement last year that the Commission was to be abolished. He indicated that a Select Committee was looking at the future and that there was an element of uncertainty at present because of the level of legislation going through Parliament. He also commented that the Commission had already made reductions in staffing levels previous to the Government announcement and that the expectation was that audit fees would reduce when revenue savings came through.

The Chairman referred to the complex nature of some of the items that were considered by the Audit Committee and to the huge learning curve for new members of the Council, including those who may serve on this Committee. The Assistant Director (Finance and Corporate Services) commented that training sessions would be taking place for members after the elections including specific training for members of the Audit Committee, which would take place on the 26th May 2011. She also indicated that the approval of the Statement of Accounts would now be submitted to the September 2011 meeting rather than in June as previously so there was a little more flexibility. She also indicated that she would take the draft accounts to the training session as a precursor to their approval in September. The Audit Manager indicated that he would be content to contribute to the training session as appropriate.

Reference was made by a member to the disclosure of senior officers' remuneration as part of the accounts and, in response to a question, the Audit Manager commented that there would be no change from last year regarding the level of officers that would be included, i.e. statutory officers and director level (those who report directly to the Chief Executive). The Assistant Director (Finance and Corporate Services) commented that she was looking at how to make the remuneration clearer so that there was no misunderstanding between salary and severance pay. Members commented that there should be maximum transparency with regard to the salaries paid to senior officers.

RESOLVED: that the contents of the Annual Audit Plan for 2010/11 as attached to the agenda be noted.

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

99. **General Risk Management Update including partnership with East Devon (Agenda item 7)**

The Procurement and Risk Manager summarised the agenda report, which updated members on the status of the risk management register and on risk management across the Council.

He referred to the transfer of the risk register from 'Magique' to the 'TEN' performance system, which would result in a system that was more configurable with additional flexibility. He referred to there being around 350 significant risks, 250 of which had been migrated to the new system so far. He further reported that officers were being asked to review the risks within the TEN system, which would ensure that they were up to date.

Once the migration had been completed, training would be given to officers on a one to one basis as it was felt better if officers were looking at the risks that were pertinent to their service. He also indicated that he would be giving training on risk management for any new members of the Audit Committee after the elections.

The Procurement and Risk Manager, in referring to partnership risks, mentioned that the risks associated with the partnership with East Devon District Council had been placed on the risk register, which he would continue to monitor. It was noted, however, that the joint working programme had been delayed until after the elections.

During the ensuing discussion, a member queried the robustness of the risk monitoring system. The Committee was informed that regular reports were made to Management Board and that they would be able to see from the risk register whether or not a risk had been reviewed and if not could follow the matter up. It was felt that the monitoring tools built into the new risk management system would enable risks to be monitored properly.

Reference was made by members to the risk matrices that were included on reports presented to District Executive and it was questioned whether they were the best way of conveying the risk profile in respect of an item upon which a decision was to be made and whether they were fully understood. A discussion ensued when the view was expressed that more training may be required but that the risk matrix was a good indicator. The view was also expressed that when a decision was made that was different from that recommended, members needed to understand that the risk profile may also change. It was also felt that there needed to be a process to ensure that the entry in the risk register was changed where appropriate. The Assistant Director (Finance and Corporate Services) commented that with certain reports she felt that some of the key risks should be outlined in the report in addition to the risk matrix and that in some cases where there was any significant change in the risk a report may need to go back to District Executive. The Committee highlighted the need for members to receive appropriate training on aspects of risk management.

- RESOLVED:**
- (1) that the report of the Procurement and Risk Manager be noted;
 - (2) that it be noted that the transfer of the risk register between systems will, once in place, require further training to be undertaken;
 - (3) that it be noted that the risk register has been updated as requested regarding the partnership with East Devon District Council.

(Gary Russ, Procurement and Risk Manager – 01935 462076)
(gary.russ@southsomerset.gov.uk)

100. Audit Review – Section 106 Planning Obligations and Commuted Sums Update (Agenda item 8)

The Section 106 Monitoring Officer summarised the agenda report, which updated members on the monitoring of financial and non-financial planning obligations.

He referred further to his attendance at the Area Committees when suggestions were made by members with regard to the layout and format of future reports to enable them to monitor Section 106 Planning Obligations in their areas. He indicated that a report was to be submitted to District Executive regarding the format for the monitoring report and how often the reports were to be made. He also referred to working one to one with members in respect of queries on Section 106 Planning Obligations. Reference was made to the monitoring of historical agreements being ongoing and he mentioned that a large payment had been received from one developer with one from another due to be received shortly.

He further referred to his role in co-ordinating with other departments and to having good working relationships with them, which assisted greatly with monitoring and managing planning obligations. Members were also informed that the planning training to be given to members as part of the induction process after the elections would include a part on planning obligations.

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

- reference was made to requests that were received from developers to vary the requirements of a Section 106 planning obligation and to the action that would be taken to address those requests. The Section 106 Monitoring Officer indicated that a report was to be submitted to District Executive with regard to agreeing a clear and transparent process for dealing with such requests. It was anticipated that the process would include a report being made to the appropriate Area Committee for them to determine any application that may be made to vary a planning obligation. He also indicated that there would need to be a proper application, which would be evaluated by the officers and the advice of the District Valuer sought;
- the Assistant Director (Finance and Corporate Services) commented that when Section 106 monies were received by the Council they would be allocated to a ring fenced part of the Capital Programme before they were spent. She also indicated that there would be a section in the monitoring report showing the monies received, which would enable members to seek clarification on the latest position with regard to the use of those monies;
- the Section 106 Monitoring Officer confirmed that planning obligations agreed under previous planning legislation, i.e. Section 52 agreements, were still valid;
- in response to a question, the Section 106 Monitoring Officer confirmed that a summary showing the key details of Section 106 agreements specific to their wards would be sent to ward members and parish councils for their information;
- reference was made by a member to the Localism Bill and whether it was likely to have an impact on the utilisation of monies received through planning obligations. The Section 106 Monitoring Officer indicated that the impact of the Localism Bill was still being looked at;
- the Section 106 Monitoring Officer confirmed that work to populate the database with historic agreements was ongoing and that it was anticipated that the majority of the work would be finished by the autumn.

The Committee indicated that it was content with the report of the Section 106 Monitoring Officer and asked that a further update be made in September 2011.

- RESOLVED:** (1) that the actions taken in respect of the monitoring of Section 106 planning obligations be noted and endorsed;
- (2) that a further update report be submitted in September 2011.

(Neil Waddleton, Section 106 Monitoring Officer – 01935 462603)
(neil.waddleton@southsomerset.gov.uk)

101. Date of Next Meeting (Agenda item 9)

Members noted that the next meeting would be held on Thursday, 28th April 2011 at 10.00 a.m. in Committee Room 3/4, Council Offices, Brympton Way, Yeovil.

NOTED.

(Andrew Blackburn, Committee Administrator – 01460 260441)
(andrew.blackburn@southsomerset.gov.uk)

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Chairman