

# South Somerset District Council

*Notice of Meeting*



## Audit Committee

*Making a difference where it counts*

**Thursday 24th March 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](mailto:andrew.blackburn@southsomerset.gov.uk)

This Agenda was issued on Wednesday, 16th March 2011

**Ian Clarke**, Assistant Director (Legal & Corporate Services)



This information is also available on our  
website: [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)



# AC

## 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](http://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.

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# Audit Committee

Thursday 24th March 2011

## Agenda

### *Preliminary Items*

1. **To approve as a correct record the Minutes of the previous meeting held on 24th February 2011**
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**

*Page Number*

### *Items for Discussion*

- |    |  |           |
|----|--|-----------|
| 5. | <b>Markets Audit Action Plan – Update .....</b>  | <b>1</b>  |
| 6. | <b>Annual Audit Plan .....</b>   | <b>21</b> |
| 7. | <b>General Risk Management Update including partnership with East Devon ....<br/>.....</b> | <b>45</b> |
| 8. | <b>Audit Review - Section 106 Planning Obligations and Commuted Sums<br/>Update.....</b>   | <b>47</b> |
| 9. | <b>Date of Next Meeting .....</b>  | <b>48</b> |

Audit Committee – 24th March 2011

## 5. Markets Audit Action Plan – Update

*Strategic Director:* Rina Singh (Place and Performance)  
*Assistant Director:* Helen Rutter (Communities)  
*Lead Officer:* Kim Close, Area Development Manager - South  
*Contact Details:* kim.close@southsomerset.gov.uk or 01935 462708

### Purpose of the Report

The report details work undertaken on the markets action plan (Appendix A, pages 4-10).

### Recommendation

That members note the actions and progress made in respect of the Markets Audit Action Plan.

### Report Detail

When she attended the meeting of the Audit Committee held in August 2010 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.

The following key observations from the Yeovil market traders survey were reported to Area South Committee on 1st December 2010;

In August 2010 a market trader survey was undertaken. The Markets Supervisor circulated a survey form by hand to 36 traders of the street market in Yeovil Town Centre. A total of 20 forms were returned, giving a response rate of 56%.

Key observations of the survey results are concluded below.

There were a higher proportion of replies from traders on the Friday market. The majority of traders had been trading between 1 – 5 years. Traders travel to other markets as far afield as Bristol, Barnstaple, Swanage and Exeter and can travel over 50 miles to trade at these markets.

## AC

Generally, traders felt that the Yeovil market was competitively priced compared to others in the South West however several suggested that there should be rent reductions for the Tuesday market as it is a lot quieter.

60% of traders felt that the cleanliness/appearance of the town is good with several positive comments about this. Whilst 47% of respondents felt the street appearance had improved over the last 12 months, 18% felt it had deteriorated, with concern regarding the condition of the street paving, with some areas being cracked and uneven.

64% of traders had stated that they had not had any contact with Police Community Support Officers but they had seen them patrolling the area. Quite a few comments were made about safety with some mentioning drunken and rowdy behaviour in the town centre during the day and a general feeling of anti-social behaviour. In addition, comments were made regarding problems with cyclists travelling through the street.

76% stated that they did not notice a change to the trade when the French market visited, however 67% would not like to see specialist markets held on the same day as the street markets. Of the responses given, the majority of those who did not notice a change were traders of clothing and household goods. No-one responded to the option "trade increased when the market were here". One trader did say it was a "bit quiet".

Many of the traders felt that the specialist markets held at the weekends did not really affect their trade the following week and that the frequency of these markets were about right (4 times a year) according to 56% of traders.

Of the concerns raised about other markets, these mainly covered issues over the positioning, and also the amount of rent the specialist markets pay compared to the stallholders who attend Yeovil Markets every week in all weathers.

With respect to their turnover for the last financial year, 43% stated that turnover had decreased with 38% saying it had stayed the same.

There were mainly positive comments about the Christmas lights.

Traders were asked to give any additional comments and name their top 3 priorities for improving the markets and the main comments made in respect of these questions were:-

- Rent free days or reduced rents
- Reduce parking fees/free parking for traders
- Signage for the market – on the market, in the town and further afield on the road systems
- Advertising

The results of the market traders survey carried out in Area West are attached. (Appendix B, pages 11-17)

- 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;

The Markets Entry on the Web site has been reviewed and markets can now be easily found under M for markets.

- 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;

Risk assessments are held in relation to markets. Individual site specific risk assessments are held electronically and on file (Appendix C, pages 18-20). Corporate risk assessments are held on the Magique system only, these cover lone working, theft of market fees, income from market tolls does not meet income target and health and safety of staff and public is compromised.

- 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.

To clarify, rather than annual meetings the service plan should refer to ongoing liaison, which the Market inspector has with all relevant town councils. The service plan has now been amended.

### **Financial Implications**

None arising from this report.

### **Corporate Priority Implications**

Markets contribute to the economic vitality of our towns.

### **Carbon Emissions & Adapting to Climate Change Implications (NI188)**

Markets provide opportunity for local produce to be sold and bought; reducing food miles.

### **Equality and Diversity Implications**

Markets often promote diversity. They enable all sections of the community, especially those on low incomes, to shop and to set up business.

**Background Papers:** *Markets Audit*

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## Markets

## Action Plan

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
<b>Objective: District Markets are run efficiently, safely, legally and in line with the Council's stated objectives.</b>					
<b>1. Risk: The markets are failing to meet their stated objectives.</b>					
1.1a No service plan is in place for the Markets service	I recommend that the Strategic Director, Place and Performance ensures that strategic and operational objectives for markets are set and that contribution of markets is referred to and articulated in a service plan and the relevant area development plan. SMART targets should be set in accordance with this in order to measure performance and service delivery.	5 – High	Generally agreed. The 'service' comprises one officer, so a fully fledged service plan may be unnecessary and could be a distinct part of the overall Communities Service Plan with clear objectives and specific improvement plan.	Assistant Director – Communities  Area Development Manager – South	Complete
1.1b Budget income targets are not set realistically	I recommend that as part of the above process, the Strategic Director, Place and Performance, ensures that the budget income targets for future years are set realistically to accurately reflect anticipated income.	4 – High/Med	Unavoidable commitment bid submitted June 09  Inescapable commitment approved. Income target now reduced to a realistic level.	Assistant Director – Communities	Complete



Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
1.1c Lack of focus on strategic direction across the district	I also recommend that the Strategic Director, Place and Performance considers whether the Market Service would be best served under the sole responsibility of one or other of the Heads of Area Development in order to ensure strategic direction across the district is focussed.	4 – High/Med	Agreed. Can be considered as a follow on from the restructure.  Will be managed in Area South, but with input from Area West.	Assistant Director - Communities	Complete and ongoing
<b>2. Risk: Markets cease to remain viable.</b>					
2.1a The web site does not give enough detail on the markets offered	I recommend that the Assistant Director - Communities ensures that the website is updated to maximise potential trader and customer knowledge in one hit.	2 - Low/Med	Agreed  New market page live on the website.	Joy Streetin	Complete
2.2a Time allocation of the Market Supervisor	I recommend that the Assistant Director - Communities recharges the Market Supervisor's time spent supporting one off markets, which are covered under the Town Centre budget.	2 - Low/Med	Agreed  No one-off markets supported recently. Ad Hoc journal transfers will be actioned as and when these markets take place.	Sara Kelly Joy Streetin	Complete
2.3a Incentives through engagement is not undertaken	I recommend that the Assistant Director - Communities introduce a forum for meeting with Market Traders or their representatives on a regular basis; this should include a	3 - Medium	Generally agreed. Need to be flexible about method of engagement. Traders show little inclination to come to meetings.	Joy Streetin	Complete

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
	representative for Area West Traders.		<p>Dates will be set from Summer 2010.</p> <p>Survey designed to take place July/August 2010.</p> <p>Outcomes of survey will be reported to Area South Committee.</p>		
2.4a There is a lack of promotion through signage on market days	I recommend that the Assistant Director - Communities considers using signage on main transport links into the town centre and in particular at TIC's to promote market days.	3 - Medium	<p>Highway signage subject to planning and highway regulations - but agreed about TICS.</p> <p>Promotional markets leaflets distributed to all TIC's and other outlets.</p>	Joy Streetin	Complete.
2.5a There is no public engagement during the operation of markets	I recommend that the Assistant Director - Communities produces a survey which can be adapted to coincide with the strategy and objectives of service and this be utilised to glean information from the public.	3 - Medium	<p>Agreed. Should form part of shopper surveys in South and West undertaken as part of regeneration.</p> <p>Will form part of shopper surveys when undertaken by regeneration teams.</p>	Joy Streetin Ian Budd Regeneration Officers	Complete. Report to Area South in March 2011 by TCM. West Regeneration Officer undertaking separately.

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
<b>3. Risk: The reputation of the Council is damaged as a result of illegal or inappropriate trading.</b>					
3.1a No central files for each market	I recommend that the Assistant Director - Communities sets up central files for each market containing objectives, Charters where they exist and other site specific information such as plans.	3 - Medium	Agreed. <b>Now completed.</b>	Assistant Director – Communities Sara Kelly	Complete
3.2a Market guidelines are not reviewed (content)	I recommend that the Assistant Director - Communities reviews the Market guidelines to ensure they are current, giving consideration to the suggestions outlined in this report.	2 - Low/Med	Agreed  <b>Updated, awaiting approval by legal.</b>	Joy Streetin Sara Kelly	Complete
3.2b Market guidelines are not reviewed (timely)	I also recommend that the Assistant Director - Communities ensures that Market guidelines are reviewed periodically and are dated to evidence this.	2 - Low/Med	Agreed  <b>Updated, awaiting approval by legal, will be reviewed Summer 2011.</b>	Joy Streetin Sara Kelly	Draft Complete

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
3.3a Trader registration process	I recommend that the Assistant Director - Communities ensures that evidence of all trader registration forms are retained and filed appropriately; any traders who do not have registration forms on form should be required to complete one.	4 - Med/High	Agreed. <b>Now completed.</b>	Joy Streetin Sara Kelly	Complete
3.3b Trader Insurance checks	I recommend that the Assistant Director - Communities ensures that a robust process is introduced to ensure all traders have appropriate and up to date public liability insurance.	4 - Med/High	Agreed <b>Now completed. In future insurance documents will be checked annually upon expiry to ensure they have been renewed.</b>	Joy Streetin Sara Kelly	Complete
3.4a No documented contingency plan in place (staff & traders)	I recommend that the Assistant Director - Communities ensures that a documented contingency plan is produced. This should include staff cover arrangements, any changes to site and location of markets, arrangements for cancellations due to unforeseen circumstances.	3 - Medium	Agreed <b>Now completed.</b> <b>We now have emergency contact details for all staff and written procedures for opening and closing all markets. We also have written guidance on office procedures that need to be followed for all markets. Procedures are held on markets file and also stored in J Drive.</b>	Joy Streetin Sara Kelly	Complete

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
3.4b No contingency plan in place	I recommend that the Assistant Director - Communities considers potential mediums for notifying members of the public in the event of a market cancellation.	3 - Medium	Agreed Markets supervisor will contact local radio stations to broadcast closures.	Joy Streetin	Immediate
<b>4. Risk: Income is not received, is lost or misappropriated.</b>					
4.1a There are delays in the banking of income.	I recommend that the Assistant Director - Communities ensures that where possible income is banked without delay on the same day.	3 - Medium	Agreed. This is normal practice. It is not always safe to count money on the street in the car before banking	Joy Streetin	Immediate
4.1b Income is taken home by the Market Supervisor	I recommend that the Assistant Director - Communities consults with the Insurance Officer to ascertain whether the current arrangement of taking cash home overnight is in the best interests of the Market Supervisor.	2 - Low/Med	Related to above especially Chard market on a Saturday  A night safe will now be used.	Joy Streetin	Complete

Finding	Recommendation	Risk Score	Management Response	Responsible Officer	Implementation Date
<b>5. Risk: A member of staff, public or market trader is injured at a market.</b>					
5.1a Risk assessments have not been completed (site)	I recommend that the Health and Safety Advisor updates the health and safety risk assessments for all SSDC markets periodically. This should include a site assessment for each market location.	4 - Med/High	<p>Risk assessments have been completed for markets, but site risk assessments held up. This is underway.</p> <p>Now complete for all sites. Held on file and on J Drive.</p>	Health and Safety Officer	Complete

### Area West Market Survey

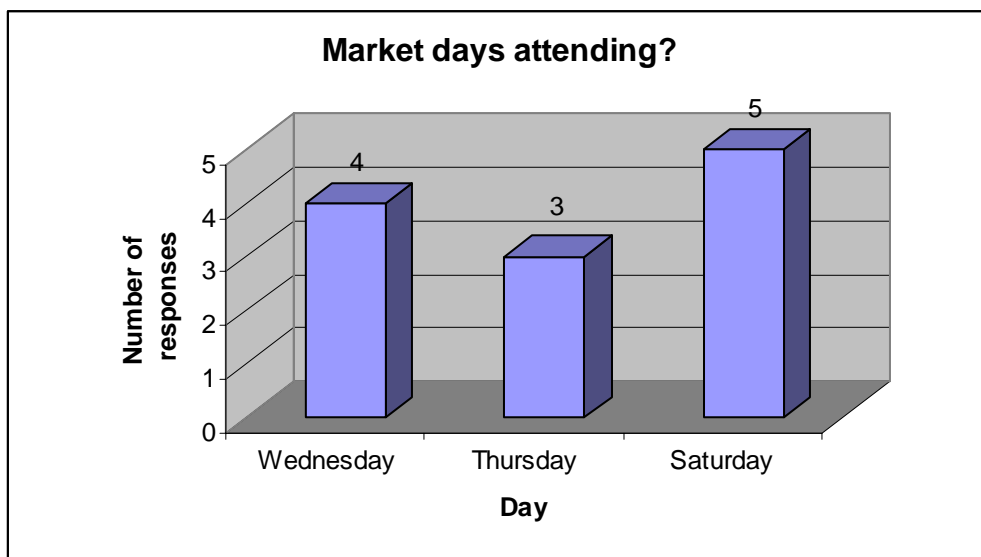
A survey was circulated by hand to 22 traders of the street markets in Chard, Crewkerne and Ilminster by the Markets Supervisor, Joy Streetin. A total of 7 forms were returned. This gives a response rate of 32%.

The results of the survey are as follows:-

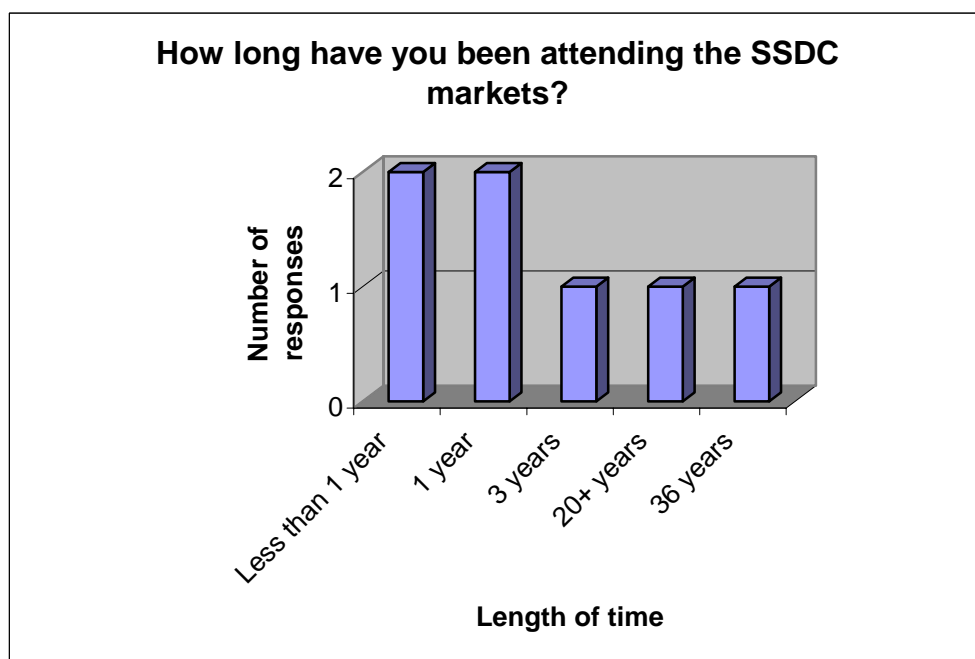
#### Question 1

This question asked traders to give their name and e-mail address.

#### Question 2

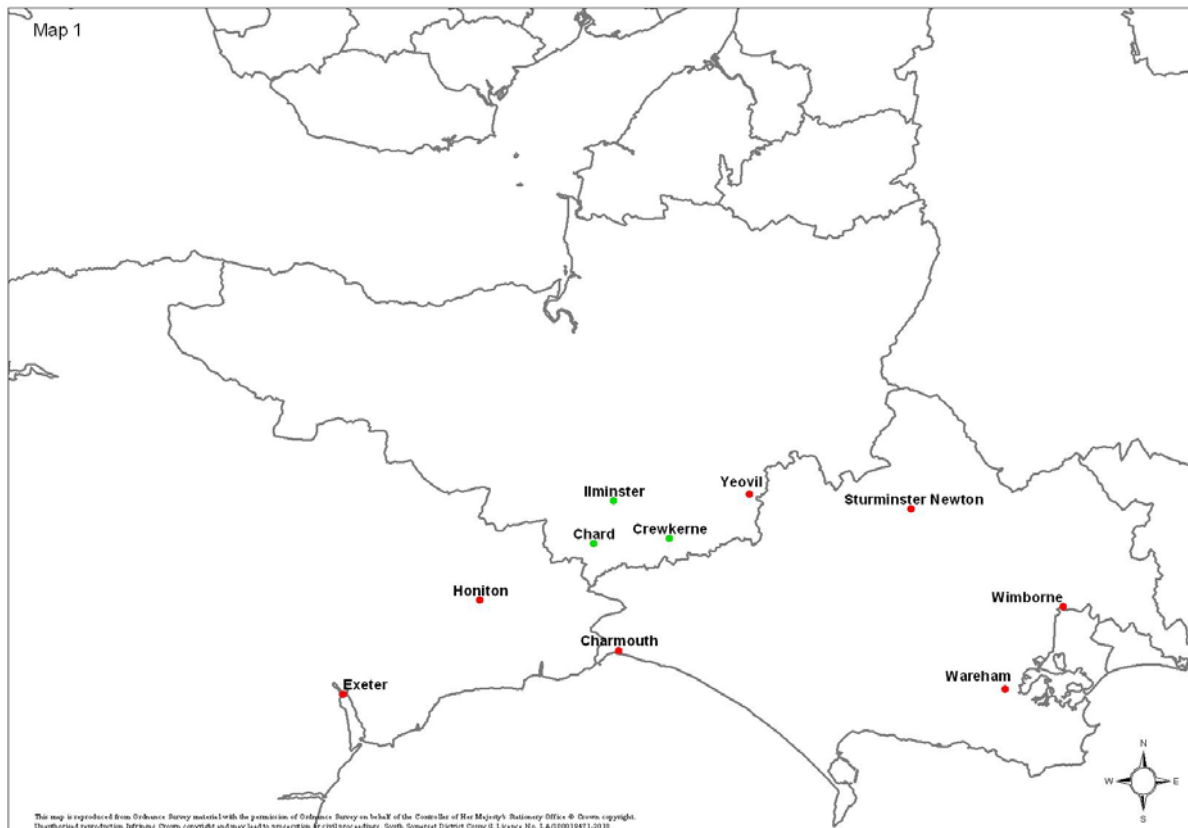


#### Question 3



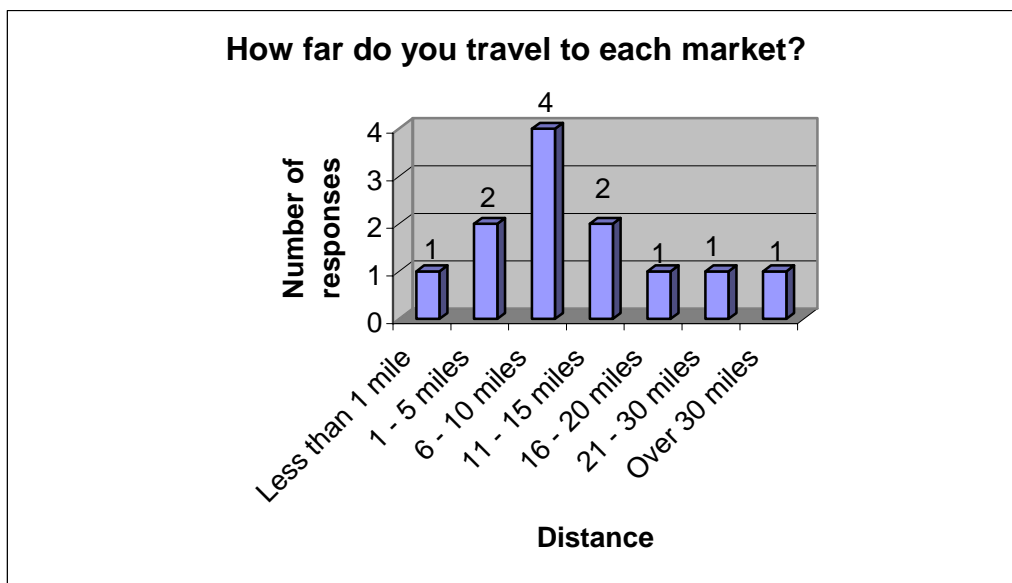
### Question 4 – what other markets do you attend and on what days?

Replies were as follows:-



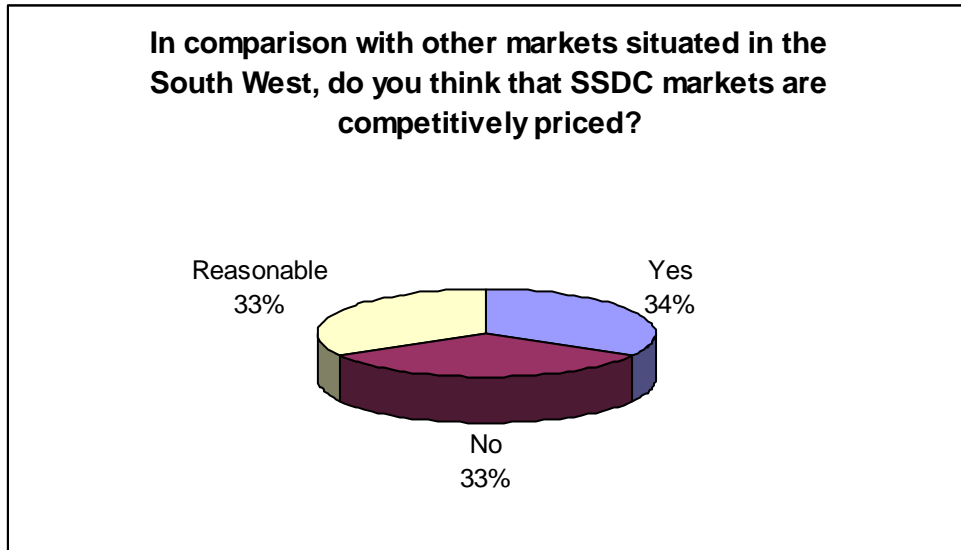
The days of the weeks that traders attended these markets were Sunday, Tuesday, Monday, Saturday and Thursday.

### Question 5





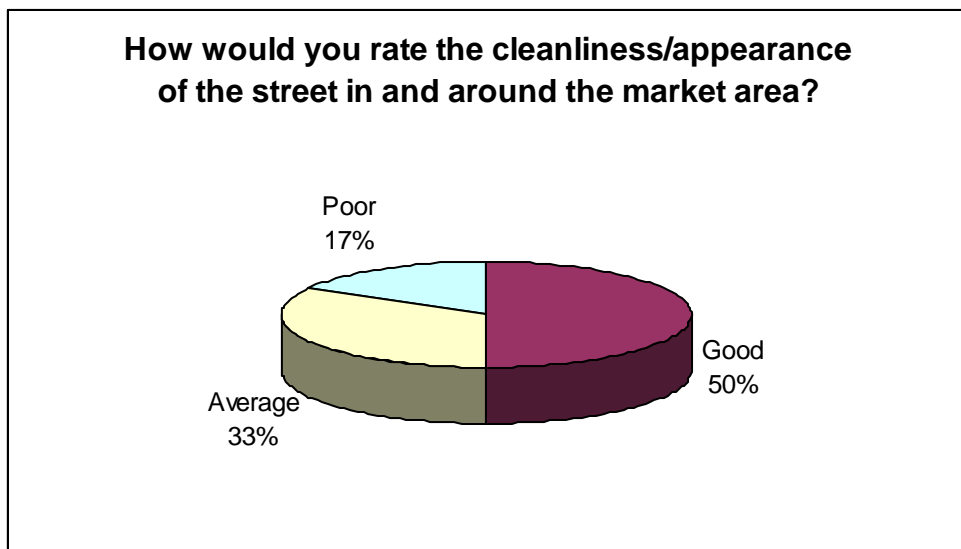
### Question 6



The comments to this question are:-

- “Too expensive for what you get!”
- “For me it is but I have nothing else to compare”
- “Ilminster is if you sign on at Yeovil”

### Question 7

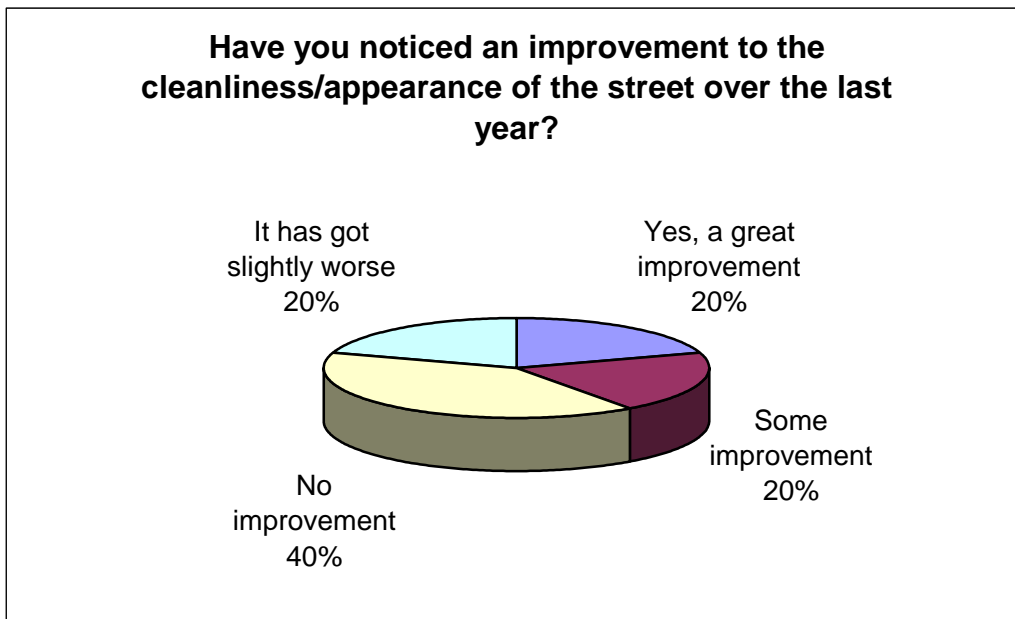


Excellent was also an option, but there were no replies for this.

Comments given are as follows:-

- “Not always cleaned very early on Saturday morning”
- “Ilminster could be cleaner”
- “Ilminster is swept before we set up”
- “There are cigarette ends, litter and looks dirty”

**Question 8**



There were no replies for the option “it has deteriorated considerably”.

**Question 9 – do you have any comments about A-frames/advertising boards in the town centre?**

“Their sensible use is an advantage both to retailers and the public”

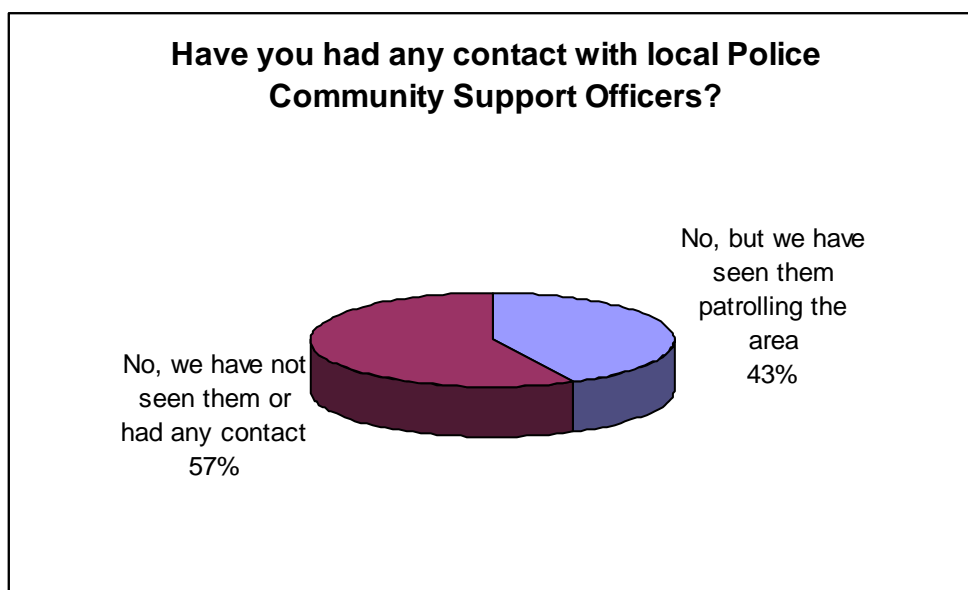
“Not at all worried”

“No” (2 replies)

“Could be more”

“They are a good idea”

**Question 10**



The other options that received no replies were “Yes, they have visited the stall”, “Yes we have approached them for advice” and “Yes, they have responded to an incident here”.

**Question 11 – Do you have any concerns about your safety or the safety of your staff during the market?**

“Personal safety – no, financial/stock security – yes”

“I’m big enough to look after myself”

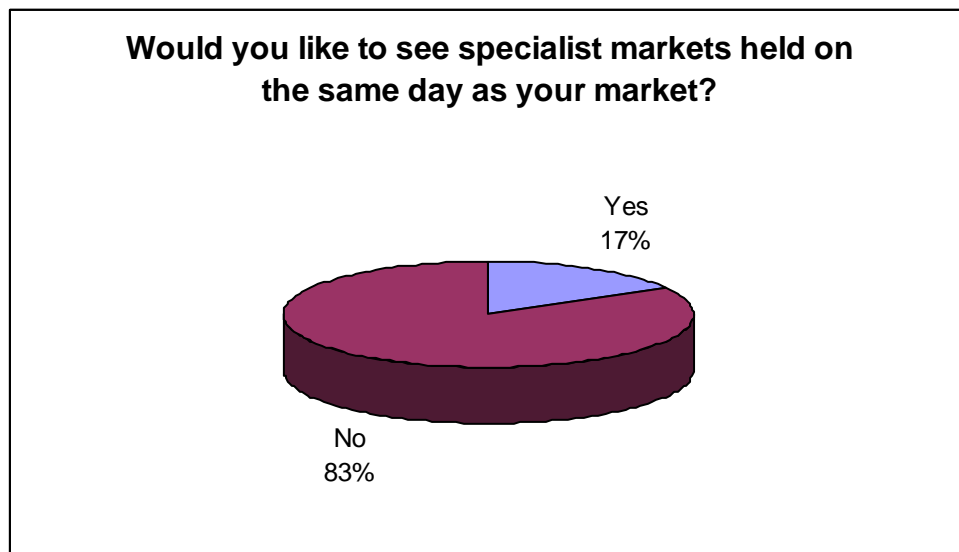
“Not really”

“No concerns”

“No”

“Yes, the cones are taken in too early”

**Question 12**



**Question 13 Comment**

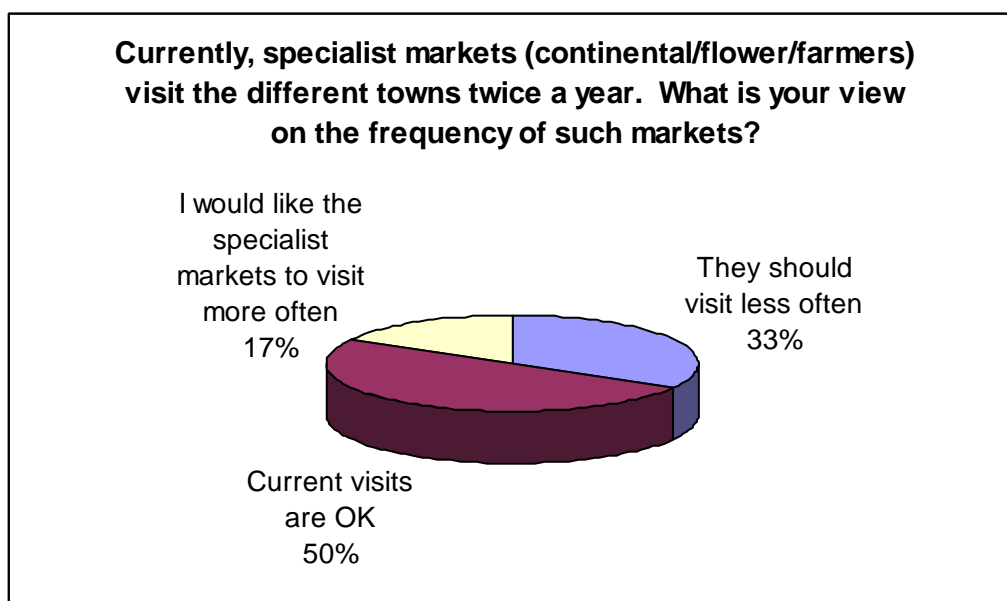
“Any potential trader should be encouraged to include their offering within existing markets (subject to maximum numbers in any one trade)”

“Only at the same venue. It would be bad if they were given a better site ie on Crewkerne”

“But if held alongside current market (in the same area), this could increase trade”

“If held in the same place”

#### Question 14



One respondent stated at the end of this question "But 'farmers' markets should be incorporated within existing markets. There are hardly any farmers in "farmers" markets. These events are a "fraud" on the public. Their trading should be included in existing markets where they would have to pay commercial rates."

#### Question 15 – Do you think that specialist markets held on Friday, Saturdays and Sundays affect your trade the following week. Please comment.

Yes – by at least 30%  
Yes  
No (2 replies)  
Not really  
Not that I am aware of

#### Question 16 – from April 2009 to March 2010, did your turnover increase, decrease or stay the same.

Only 3 people responded to this question and they all said that turnover had stayed the same. One respondent also commented that "it costs me to come to market".

#### Question 17 – if you have any additional comments to make about any of the questions, or any aspect of the markets.

- "Markets require nurture and promoting if they are not to continue to decline. SSDC system/management appears to have no interest in promotional activities and seems to me only to operate as a cash collection system. The present generation of supermarket shoppers may not need street markets as much as our grandparents did. But market charters are a valuable social asset which should be preserved at all costs for future generations to enjoy. Promotion to public will increase market popularity/footfall/business for traders. A busy market will very soon attract more traders."
- "Move Crewkerne market to a more suitable place."
- "I would like to see markets more aggressively publicised by the council. Crewkerne market needs to move - given the same site as the farmers or French markets."

- “Re Ilminster market - allow traders to continue trading until 7pm leading up to Christmas and advertise that market is trading later. Re. Crewkerne market - move the market to a more centralised area to increase number of stalls and to heighten our visibility to public. A lot of people don't know where Crewkerne market is held. Re. all markets - promote markets to encourage more customers and traders. A "Grit Bin" for use by Market Traders to ensure walkways are safe for customers in the winter months.”
- “I like the company in the market. If I was running a business, I would be bankrupt. I am 71 and I love meeting people who are horse minded for a chat.”
- “Market signs should be left out until the end of business. Extend the end time of Ilminster market. More advertising. Cones to be left in place until end of trading. Opportunity to stay open longer leading up to Christmas on a Thursday. Uncover sign on parking bays to stop people parking on market pitches for easy access on market morning.”

### **Question 19 – what would be your top 3 priorities for improving the markets?**

Suggestions were:-

- “Promotion” (3 times)
- “More advertising” (3 times)
- “More traders”
- “Encourage the public to use market more”
- “Publicity”
- “Move Crewkerne market”
- “Late night trading at Ilminster market leading up to Christmas”
- “Promote the markets to encourage more customers and traders”
- “I just have no idea”
- “More advertising on day and media”
- “Rent free days”
- “Better signage for market day”

### **Conclusion**

Four out of the 7 traders who responded to the survey have been trading at the markets in Area West for one year or less. The majority travel less than 10 miles. Half of the respondents felt that the appearance and cleanliness is good but 40% had not seen any improvement in the last year.

There were mainly positive comments about A frames. None of the respondents had any contact with the Police Community Support Officers with 57% having not seen them or had any contact and 43% having seen them patrolling the area. However, there were no real concerns about personal safety or safety of staff.

83% of respondents did not wish to have specialist markets held the same day as their market and 50% felt the current number of specialist markets was fine.

The main comments made about the markets were that they desperately need advertising and promoting. A couple of respondents made the suggestion that Crewkerne market should be moved and Ilminster market should be longer – especially during the Christmas period.

October 2010

**STREET MARKET RISK ASSESSMENT**

**LOCATION:** Lower Middle St Yeovil

**DAYS HELD:** Tuesday & Friday

**AVERAGE No OF STALLS** 30/40

**SETTING UP/BREAKING DOWN TIMES** 07.00 – 09.00 then 15.00 – 17.30

**GROUND TYPE** Block paviers

**EMERGENCY ACCESS** From top or bottom of Lower Middle Street

**POWER SUPPLY** Purpose build supply boxes, SSDC supply sockets, traders supply own cables

**WEATHER** Stall holders protect stalls and stock, Market supervisor can decide to close the market if weather conditions deteriorate to a dangerous level

**VEHICLE MOVEMENTS** No vehicle movements allowed between 09.00 and 15.00

**WALKWAYS/OBSTRUCTIONS** Walkways are kept clear by Market Supervisor, obstructions are dealt with by SSDC enforcement officer

**LITTER/WASTE** Traders clear own waste and use bins provided, Market Supervisor checks the area before and after the market,

**MISC.** Market Supervisor is provided with protective gloves, first aid kit, mobile phone and radio

## **STREET MARKET RISK ASSESSMENT**

**LOCATION:** South St Car Park Crewkerne

**DAYS HELD:** Wednesday

**AVERAGE No OF STALLS** 4

**SETTING UP/BREAKING DOWN TIMES** 07.00 – 09.00 & 13.30 – 15.30

**GROUND TYPE** Tarmac and paving slabs

**EMERGENCY ACCESS** No obstructions, vans and stalls are located off the highway and the pavement is kept clear

**POWER SUPPLY** No power supply to this site

**WEATHER** Stall holders protect stalls and stock, Market supervisor can decide to close the market if weather conditions deteriorate to a dangerous level

**VEHICLE MOVEMENTS** N/A

**WALKWAYS/OBSTRUCTIONS** Walkways are kept clear by Market Supervisor, vehicles are parked in dedicated lay by

**LITTER/WASTE** Traders take all their own waste away at the end on the market, no trade waste facilities provided, Streetscene carry out litter picking as part of their normal round, market supervisor checks the area before and after the market.

## STREET MARKET RISK ASSESSMENT

**LOCATION:** Fore Street Chard

**DAYS HELD:** Saturday

**AVERAGE No OF STALLS** 10

**SETTING UP/BREAKING DOWN TIMES** 07.00 – 09.00 & 13.30 – 15.30

**GROUND TYPE** Block pavers & tarmac

**EMERGENCY ACCESS** No obstructions, vans and stalls are located off the highway and the pavement is kept clear

**POWER SUPPLY** No power supply to this site

**WEATHER** Stall holders protect stalls and stock, Market supervisor can decide to close the market if weather conditions deteriorate to a dangerous level

**VEHICLE MOVEMENTS** Vans have to leave the site by 09.00 and are not allowed back until 13.30

**WALKWAYS/OBSTRUCTIONS** Walkways are kept clear by Market Supervisor, vehicles are parked in dedicated Car park

**LITTER/WASTE** Traders take all their own waste away at the end on the Market using black bags provided. Streetscene carry out litter pick and market supervisor checks area before and after market



Audit Committee – 24th March 2011

## 6. Annual Audit Plan

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

### Purpose of the Report

This report introduces the Annual Audit Plan for 2010/11.

### Recommendation

That the Audit Committee note the Annual Audit Plan.

### Background

The Annual Audit Plan is included within the remit of the Audit Committee under its terms of reference as follows:

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

“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”.

### The Annual Audit Plan

The plan is attached (pages 23-44) to this report and covers a range of matters that are included under the remit (as outlined above) of the Audit Committee. The Audit Manager, Peter Lappin, will attend the Committee to present the plan and answer any questions.

### Financial Implications

A budget of £126,920 is allocated in 2011/12 to fund the work of the Audit Commission. The fees are expected to be £113,685 for the work within the plan.

**Background Papers:** *Audit Commission Audit Plan*

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# Audit plan

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**South Somerset District Council**

**Audit 2010/11**

**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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# Introduction

1 This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.

2 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

# Responsibilities

**3** The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.

**4** The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

**5** I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

## Fee for the audit

**6** The fee for the audit is £113,685, as indicated in my letter of 29 March 2010. The Audit Commission scale fee for a similar sized Council is £122,250. The fee proposed for 2010/11 is 7 per cent below the scale fee and is within the normal level of variation specified by the Commission.

**7** In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. The rebate for South Somerset is £7,213.

**8** In addition, the Commission wrote to all audited bodies, on 9 August, about its proposed new arrangements for local value for money audit work. This indicated the impact on audit fees for 2010/11 would be considered as part of the Commission's consultation on its work programme and scales of fees for 2011/12, planned for September. In light of the Secretary of State's announcement on the government's intention to abolish the Commission, this consultation had been delayed.

**9** In December, the Commission published its proposals to issue a further rebate for district councils of 1.5 per cent or around £1,800.

**10** In setting the fee, I have assumed that:

- my review of financial systems and controls provide assurance that these have been operating effectively for the whole of 2010/11;
- good quality working papers will be supplied to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- Internal Audit undertakes appropriate work on the material systems in my cyclical plan (main accounting, council tax, housing benefits, capital accounting) and this is available for my review by 5 January 2011. Work on other material systems should be completed by 31 March 2011.

**11** Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this first with the Assistant Director (Finance and Corporate Service) and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.

**12** Further information on the basis for the fee is set out in Appendix 1.

## **Specific actions the Council could take to reduce its audit fees**

**13** The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions that the Council could take and to provide ongoing audit support.



# Auditors report on the financial statements

**14** I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

**15** I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

## Materiality

**16** I will apply the concept of materiality in both planning and performing the audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

## Identifying opinion audit risks

**17** I need to understand fully the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council including assessing your own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control – including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Council's information systems.

## Identification of specific risks

**18** I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

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Table 1: **Specific risks**

Specific opinion risks identified

Risk area	Audit response
The introduction of international financial reporting standards (IFRS) for 2010/11 onwards will entail the Council addressing a number of complex issues. The Council will have to restate the 2009/10 closing balances into the new format.	I will work closely with officers to ensure that sufficient information is available at an early stage to restate the 2009/10 closing balances into the IFRS form.

---

### Value for money risks

**19** I will undertake my risk assessment for the vfm conclusion later in the year and communicate with you further then.

# Testing strategy

**20** On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year-end.

**21** I can carry out the testing both before and after the draft financial statements have been produced (pre- and post-statement testing).

**22** Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of accounting policies.
- Restatement of the opening balances under IFRS.

Where I identify other possible early testing, I will discuss it with officers.

**23** Wherever possible, I will seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11, I expect to be able to use the results for the cyclical controls testing of:

- Main Accounting;
- Council Tax;
- Housing Benefit and Council Tax Benefit; and
- Capital Accounting.

**24** I will also seek to rely on the work of other auditors and experts, as appropriate, to meet my responsibilities. For 2010/11, I plan to rely on the work of other auditors in the following areas.

- The auditor of the Somerset CC Pension Scheme for the pension scheme figures in the financial statements.

**25** I also plan to rely on the work of experts in the following areas.

- The District Valuer for the valuation of non current assets.
- The Actuary for the valuation of South Somerset's share of the pension scheme's assets and liabilities.

# Value for money conclusion

**26** I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

**27** This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

**28** I will plan a programme of VFM audit work based on my risk assessment.

## Key milestones and deadlines

**29** The Council is required to prepare the financial statements by 30 June 2011. I am required to complete the audit and issue the opinion and value for money conclusion by 30 September 2011.

**30** The key stages in producing and auditing the financial statements are in Table 2.

**31** I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

**32** Every week, during the audit, the audit team will meet with the key contact and review the status of all queries. I can arrange meetings at a different frequency depending on the need and the number of issues arising.

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Table 2: **Proposed timetable**

Activity	Date
Control and early substantive testing	10 February 2011
Receipt of accounts	10 June 2011
Sending audit working papers to the auditor	10 June 2011
Start of detailed testing	20 June 2011
Progress meetings	Weekly
Present report to those charged with governance at the audit committee	22 September 2011
Issue opinion and value for money conclusion	22 September 2011

# The audit team

**Table 3 shows the key members of the audit team for the 2010/11 audit.**

Table 3: **Audit team**

Name	Contact details	Responsibilities
Brian Bethell District Auditor	<a href="mailto:b-bethell@audit-commission.gov.uk">b-bethell@audit-commission.gov.uk</a> 07887 825584	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive.
Peter Lappin Audit Manager	<a href="mailto:p-lappin@audit-commission.gov.uk">p-lappin@audit-commission.gov.uk</a> 07909 930437	Manages and coordinates the different elements of the audit work. Key point of contact for the Assistant Director (Finance and Corporate Services).

## Independence and objectivity

**33** I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which I am required by auditing and ethical standards to communicate to you.

**34** I comply with the ethical standards issued by the Auditing Practices Board (APB) and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

## Meetings

**35** The audit team will ensure I have knowledge of your issues to inform my risk-based audit through regular liaison with key officers. My proposals are set out in Appendix 3.

## Quality of service

**36** I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ ([c-westwood@audit-commission.gov.uk](mailto:c-westwood@audit-commission.gov.uk)) who will look into any complaint promptly and to do what he can to resolve the position.

**37** If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

## Planned outputs

**38** My team will discuss and agree reports with the right officers before issuing them to the Audit Committee.

---

Table 4: **Planned outputs**

Planned output	Indicative date
Annual governance report	8 September 2011
Auditor's report giving an opinion on the financial statements	22 September 2011 (Date of Audit Committee)
Final accounts memorandum (only where there are processes to be improved)	November 2011
Annual audit letter	10 November 2011

## Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to my audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:

- my cumulative knowledge of the Council;
  - planning guidance issued by the Audit Commission;
  - the specific results of previous and ongoing audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

### Assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2009/10;
- the fee for the value for money conclusion is the same as for 2009/10;
- you will inform me of significant developments impacting on the audit;
- Internal Audit meets the appropriate professional standards;
- Internal Audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that I can place reliance for the purposes of my audit;
- you continue to provide:
  - good quality working papers and records to support the financial statements by 20 June 2011;
  - information asked for within agreed timescales;
  - prompt responses to draft reports; and
- there is no allowance for extra work needed to address questions or objections raised by local government electors.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.



## Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules.

The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional safeguards in the last two years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

## Appendix 3 Working together

### Meetings

The audit team will ensure I have knowledge of your issues to inform my risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 5: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Assistant Director (Finance and Corporate Services)	Audit Manager and Team Leader	March, July, September	General update plus: <ul style="list-style-type: none"> <li>■ February – audit plan;</li> <li>■ June – September – accounts progress; and</li> <li>■ September – annual governance report.</li> </ul>
Finance Manager	Audit Manager and Team Leader	Pre-statements (December – February) Post statements (June to September) Monthly outside these periods	Update on audit issues. Requests for information
Audit Committee	District Auditor and Audit Manager and Team Leader	As determined by the Committee	Formal reporting of: <ul style="list-style-type: none"> <li>■ Audit Plan;</li> <li>■ Annual governance report;</li> <li>■ Annual Audit Letter; and</li> <li>■ other issues as appropriate.</li> </ul>

### Sustainability

The Audit Commission is committed to promoting sustainability in its working practices and I will actively consider opportunities to reduce the impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

## Appendix 4 Glossary

### **Annual audit letter**

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

### **Audit of the accounts**

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

### **Audited body**

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

### **Auditing Practices Board (APB)**

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

### **Auditing standards**

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

### **Auditor(s)**

Auditors appointed by the Audit Commission.

### **Code (the)**

The Code of Audit Practice.

### **Commission (the)**

The Audit Commission for Local Authorities and the National Health Service in England.

## **Ethical Standards**

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

## **Financial statements**

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

## **Internal control**

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

## **Materiality (and significance)**

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements.

Significance has both qualitative and quantitative aspects.

## **Members**

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also ‘Those charged with governance’ and ‘Audited body’.)

## **Remuneration report**

Audited bodies are required to produce, and publish with the financial statements, a remuneration report that discloses the salary and pension entitlements of senior managers.

## **Annual Governance Statement**

Local government bodies are required to publish an annual governance statement with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the AGS are supported and evidenced by the body's assurance framework. The AGS is prepared in accordance with guidance issued by CIPFA.

## **Those charged with governance**

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements.

Audit committees are not mandatory for local government bodies. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

## **Whole of Government Accounts**

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.

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**0844 798 7070**

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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Audit Committee – 24th March 2011

## 7. General Risk Management Update including partnership with East Devon

Strategic Director: Mark Williams, Chief Executive  
 Assistant Director: Donna Parham (Finance and Corporate Services)  
 Service Manager; Gary Russ, Procurement and Risk Manager  
 Lead Officer: Gary Russ, Procurement and Risk Manager  
 Contact Details: gary.russ@southsomerset.gov.uk or 01935 462076

### Purpose of the Report

The purpose of the report is to update members of the Audit Committee on the status of the risk management register and the status of risk management across the Council at this time. Members were concerned at the last meeting that they wanted to continue to monitor the transition from one risk recording system to the new system and also to focus attention on the risks appertaining to the sharing of management and services with East Devon District Council at that time.

### Recommendation

That members of the Audit Committee

- (1) note the report;
- (2) note that the transfer between systems will require further training once in place;
- (3) note that the risk register has been updated as requested regarding the partnership with East Devon District Council.

### Report

Risk management at the Council has suffered to a degree from a lack of focus over the last 10-12 months, this in some part has been due to a number of factors:-

- the joint working itself adding complexity over formulation of a combined risk management approach;
- the move from one system Magique to TEN;
- the need to completely redesign the TEN risk register to more fully align with SSDC needs.

The Government has moved rapidly to make cost savings in central government audit and compliance bodies. This has seen the announcement of the end of the Audit Commission, a body charged with driving and raising the profile of risk management across central and local government. This has been seen in some quarters as an indication that risk management is now no longer necessary or not of as much importance.

In fact the opposite is true given the current climate and with the transparency agenda now being promoted by central government.

Despite some early issues good progress has been made in redesigning the TEN risks module to more appropriately fit SSDC needs. It is a very good solution that will be a real



## AC

asset to SSDC in the coming years. It is easier to use and more aligned with Performance Management. However in the transition some of the risks on the register are a little out of date but we remain in good shape to drive risk management forward again once TEN is deployed. Currently there is a small technical problem with the application that is currently being assessed by ICT. Once this is resolved we will need to enter a period of heightened training and awareness on risk management.

The Audit Committee requested that the risks associated with the partnership with East Devon were fully outlined. Since that Committee meeting the joint working programme has been delayed until after the elections. The risk register has been updated to add these risks and they will continue to be monitored through the risk management process.

### **In Summary**

As soon as risks are transferred to the new system a series of awareness and training sessions will take place to ensure that the register is fully up to date. Regular updates on risks are scheduled for Management Board to ensure that the register is current and that the board is kept up to date with the authority's corporate risks.

Partnering risks in relation to joint working are in my view being adequately monitored at this time, and the Procurement and Risk Manager reviews these on a monthly basis.

**Background Papers:** *Audit Committee – 25th March 2010, Risk Management Report*

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Audit Committee – 24th March 2011

## 8. Audit Review - Section 106 Planning Obligations and Commuted Sums Update

*Strategic Director:* Rina Singh (Place & Performance)  
*Assistant Director:* Martin Woods (Economy)  
*Service Manager:* David Norris, Development Manager  
*Lead Officer:* Neil Waddleton, Section 106 Monitoring Officer  
*Contact Details:* neil.waddleton@southsomerset.gov.uk or 01935 462603

### Purpose of the Report

To provide a general update on the monitoring of financial and non-financial Planning Obligations.

### Recommendations

That members note the report and endorse the actions taken in respect of the monitoring of Section 106 Planning Obligations.

### Background

The Committee will remember that an audit review was undertaken at the invitation of management to review the process for managing S106 agreements and ensure that the processes in operation at South Somerset District Council are operating in a sound, robust and controlled manner.

Audit Committee was last updated on progress at their October 2010 meeting, where members indicated that they were content with the actions taken to date with regard to ensuring that an effective and robust system was in place for the monitoring of S106 Planning Obligations, but requested the S106 Monitoring Officer to submit a further update report to the February Committee.

### Progress Made

The Section 106 Monitoring Officer attended each of the Area Committees in December and January, introducing himself and giving an overview of his role as well as producing a report detailing the S106 legal agreements that have been signed in the last three years for each area. Good positive feedback from these meetings has been noted and requested changes to the layout and format of future reports in place to be submitted on a six monthly basis. This will enable Area Committees to track S106's in their area, and will increase greatly the transparency of the process.

Progress of monitoring historical agreements is ongoing and an important element of this is the enforcement of planning obligations that have reached their relevant trigger points. This has resulted in the receipt of £320k with several larger payments currently being pursued.

Since being in post the Section 106 Monitoring Officer has fostered good working relationships with internal officers, services and elected members with the mutual interest of monitoring and managing S106 agreements.

# AC

Populating of the database with historic agreements is ongoing and it is likely that the majority of this work will be finished by the autumn.

The 'profile' of Section 106 agreements has been raised significantly by the appointment of the Section 106 Officer and an increased awareness has resulted in significant demands upon his time. This is considered to be a positive outcome as it is important for members and the wider community to have a greater understanding of planning obligations. As part of the 'planning' training for councillors in May it will be necessary to have some time dedicated to this particular subject.

## Financial Implications

None.

**Background Papers:** *Audit Committee reports for January and July 2009 and February, July and October 2010.*

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Audit Committee – 24th March 2011

## 9. Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on 28th April 2011 at 10.00 a.m. in Committee Room 3/4, Council Offices, Brympton Way, Yeovil.

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