

South Somerset District Council

Notice of Meeting



Audit Committee

Making a difference where it counts

Thursday 24th November 2011

10.00 a.m.

**Committee Room 3/4,
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, 16th November 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



INVESTOR IN PEOPLE

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Audit Committee Membership

Chairman Derek Yeomans
Vice-Chairman Ian Martin

John Calvert Roy Mills
John Dyke John Richardson
Marcus Fysh Colin Winder
Tony Lock

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:

Internal Audit Activity

1. To approve the Internal Audit Charter and annual Internal Audit Plan;
2. To receive quarterly summaries of Internal Audit reports and seek assurance from management that action has been taken;
3. To receive an annual summary report and opinion, and consider the level of assurance it provides on the council's governance arrangements;
4. To monitor the action plans for Internal Audit reports assessed as "partial" or "no assurance;"
5. To consider specific internal audit reports as requested by the Head of Internal Audit, and monitor the implementation of agreed management actions;
6. To receive an annual report to review the effectiveness of internal audit to ensure compliance with statutory requirements and the level of assurance it provides on the council's governance arrangements;

External Audit Activity

7. To consider and note the annual external Audit Plan and Fees;
8. To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken;

Regulatory Framework

9. 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;
 10. To review the Annual Governance Statement (AGS) and monitor associated action plans;
 11. To review the Local Code of Corporate Governance and ensure it reflects best governance practice. This will include regular reviews of part of the Council's Constitution and an overview of risk management;
 12. To receive reports from management on the promotion of good corporate governance;
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Financial Management and Accounts

13. 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;
14. To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices. The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council;
15. To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules;

Overall Governance

16. The Audit Committee can request of the Assistant Director – Finance and Corporate Services (S151 Officer), the Assistant Director – Legal and Corporate Services (the Monitoring Officer), or the Chief Executive (Head of Paid Services) a report (including an independent review) on any matter covered within these Terms of Reference;
17. The Audit Committee will request action through District Executive if any issue remains unresolved;
18. The Audit Committee will report to each full Council a summary of its activities.

Meetings of the Audit Committee are held monthly including at least one meeting with the Council's external auditor, although in practice the external auditor attends more frequently.

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 24th November 2011

Agenda

Preliminary Items

1. **To approve as a correct record the Minutes of the previous meeting held on 27th October 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**

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Items for Discussion

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Audit Committee – 24th November 2011

5. 2011/12 Internal Audit Quarterly Update Report

Head of Service: Gerry Cox, Head of Internal Audit Partnership
Lead Officer: Andrew Ellins, Audit Manager
Contact Details: andrew.ellins@southwestaudit.gov.uk

Purpose of the Report

This report has been prepared for the Audit Committee to review the progress made on the 2011-12 Annual Internal Audit Plan.

Recommendation

To note the progress made.

Background

The Audit Committee agreed the 2011/12 Internal Audit Plan at its February meeting. An update was provided in August and this report provides the latest position.

Detailed Audit Progress Report
Appendix A – Annual Audit Plan Progress Table
Appendix B - Audit Assurance Definitions
Appendix C – Priority Actions Table

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: None

Audit Committee – 24th November 2011

6. Register of Staff Interests – Audit Action Plan – Progress Report

Strategic Director: Mark Williams, Chief Executive Officer
Assistant Director: Ian Clarke, Legal and Corporate Services
Lead Officer: Ian Clarke, Legal and Corporate Services
Contact Details: ian.clarke@southsomerset.gov.uk or 01935 462184

Purpose of the Report

This report has been requested by the Audit Committee to advise members of the progress against the actions to be taken following the internal audit of this area, which reported in February 2011.

Recommendation

That members note the progress made against the actions as set out in the attached appendix (pages 15-16) and that the new procedure will be rolled out before the 31st December 2011.

Introduction

The South West Audit Partnership (SWAP) undertook an audit of the adequacy of controls and procedures in place for Register of Interests for Staff across the Council and were only able to offer Partial Assurance.

Audit Action Plan

As members will recall the audit review made 3 recommendations. These were:- (i) the recording of interests needed to be consistent and there was a need for periodic reminders for staff to register any interests (ii) the corporate induction programme and manager's checklist should include specific coverage of the staff code of conduct and (iii) a system for recording interests needed to be introduced. These recommendations have been translated into the actions described in the plan attached to this report. Members are aware that one of the agreed actions has already been implemented. In relation to the other two actions the target date is 31st December 2011. Attached to this report (pages 17-23) are (i) the letters to staff relating to declaration of interests that will be sent (a) initially and (b) as the annual reminder. In addition and also attached to this report is the proposed Form CC1 that staff will have to complete when they have "something to declare" and the Form CC2, which is the declaration that all staff will have to complete irrespective of whether they have also had to complete Form CC1. These Forms and letters meet the other recommendations. Work has commenced on the form of database that is to be used by service managers in order to record the information from the data capture forms from their staff. This will be at a service level as there isn't a resource corporately that is available to undertake this task. As was mentioned previously managers will be required to send their year end records to the Monitoring Officer for checking both as to content and consistency. This end of the process will be managed by the Monitoring Officer to ensure compliance.

Financial Implications

Any that there are can be met from existing resources.

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Legal Implications

There are no specific legal implications resulting from the subject matter of this report as the statutory requirements relating to this area contained in the Local Government Act 2000 are already being complied with.

Carbon Emissions & Adapting to Climate Change Implications (NI188)

There are no specific environmental implications arising from the subject matter of this report.

Equalities and Diversity Impact

There are no specific equality or diversity implications arising from the subject matter of this report as all staff are subject to the requirements set out in the code of conduct.

Background Papers: *Internal Audit Report 11th February 2011*
 Agenda & Minutes - Audit Committee 22nd September 2011

Declarations of interest by staff – New “Rules”

The employee Code of Conduct contains a lot of guidance about interests staff may have outside of work that could impact upon it or be perceived by the public to potentially impact upon it. A recent audit inspection has revealed some shortcomings in our processes in this area and this new requirement is part of addressing their concerns. It is important that all staff make a formal and recorded declaration of any personal interest that they consider may be relevant to their role as an officer of this council. This also includes declaring any other employment.

When considering whether or not to declare an interest, ask yourself whether the average person, knowing that you work for the council, might think that you could influence a council decision on a matter or the way in which it may be dealt with. The form provided for this purpose, Form CC1, sets out what information should be provided and should **only** be completed if you have relevant information to disclose. **All** staff must complete Form CC2 even if they have no entries to make on Form CC1.

It is also important that all staff are aware of the requirements set out in the code in relation to conflicts of interest and how they should be handled. In relation to any set of circumstances when they think they may have a conflict of interest and staff are not sure what to do, then they should speak to their service manager as soon as possible or seek guidance from me.

All completed Forms CC1 and CC2 (as appropriate) should be returned to your service manager as soon as possible. They will be kept securely and a summary provided to me to enable me to check for consistency and compliance. I may also need to inspect the actual CC1 and CC2 form, as may our auditors. There will be reminders sent to staff every six months or so to ensure the information is kept up to date but unless there have been material changes, declarations made by staff in previous years need not be repeated unless they wish to do so. It would be a good idea for staff to keep a copy of any Form they return for their own records.

If you need any further information or advice or if you are unsure whether you have an interest which should be declared, please discuss this with your manager or raise the question directly with me.

Ian Clarke
Monitoring Officer
Assistant Director Legal & Corporate Services

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Declarations of interest by staff – Reminder

A while ago all staff were contacted about making a formal and recorded declaration of any personal interest that they consider may be relevant to their role as an officer of this council. This also includes declaring any other employment. This note is simply to remind staff to consider whether the details they previously provided have materially changed. If they haven't, then nothing needs to be done; if they have, then you will need to complete a new Form CC1 and Form CC2.

You may recall that you were advised when considering whether or not to declare an interest, to ask yourself whether the average person, knowing that you work for the council, might think that you could influence a council decision on a matter or the way in which it may be dealt with.

It is also important that all staff are aware of the requirements set out in the Code in relation to conflicts of interest and how they should be handled. In relation to any set of circumstances when they think they may have a conflict of interest and staff are not sure what to do, then they should speak to their service manager as soon as possible or seek guidance from me.

All completed Forms CC1 and CC2 were returned to your service manager so if you didn't keep a copy and are not quite sure what you said previously then ask your service manager to give you access to the information so you can check.

If you need any further information or advice or if you are unsure whether you have an interest which should be or should have been declared, please discuss this with your manager or raise the question directly with me.

Ian Clarke
Monitoring Officer
Assistant Director Legal & Corporate Services



FORM CC1

Registration of Employee Interests under Code of Conduct

Name: (Please Print) _____

Service: (Please Print) _____

Please note: This form deals with the registration of interests only. You should follow the advice in the Code of Conduct, which sets out the rules about Employee conduct in terms of acting impartially and being seen to act impartially. It also deals with how any conflicts of interest should be dealt with.

The completed form and the signed declaration CC2 should be given to your Service Manager (who should also receive an updated copy if any information changes) who will record all entries onto a database, which will be provided to the Monitoring Officer. The Register of Employee Interests will be held securely by your Service Manager.

If you don't have any entries to make to the Form CC1 (other than "None" or "N/A") then you need only complete and sign the declaration contained in Form CC2

If you have any questions about this form, please speak to your Service Manager or the Assistant Director – Legal & Corporate Services.

The Employee Code of Conduct is on Insite.

This form seeks to identify any business and personal interests which you or your family or friends have which could conflict with the interests of the Council. Each section tells you whether it applies to you and if it does exactly what you should declare.

1. Financial Interests

Contracts with the Council (excluding your contract of employment with the Council)

(Please provide full details here)

Notes: This section applies to all council staff

1. You must disclose contracts and proposed contracts with the Council where you, or your spouse or partner with whom you live, or another immediate family member stands to benefit, directly or indirectly. This disclosure must be made as

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soon as reasonably practicable. Some employees may need to update their declarations regularly.

2. You should describe all contracts which have yet to be completed, and which are for the supply of goods, services or works to the Council.
3. You need not say what the financial agreements are, but should say for how long the contract is and what it is in relation to.

Tenancies/Licences with the Council

Do you or a member of your family have any tenancy or licence arrangements with the Council?

Yes		No	
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If 'yes' please provide full details here i.e. location of property and terms of the lease or licenses

2. Personal Interests

Relationships with Contractors – NOTE: ONLY to be completed by Employees who engage or supervise the Council's contractors or potential contractors or who advise in any way on their selection

Please provide full details here:

Notes

- All relationships of a business or private nature with such contractors must be disclosed.
- Employees who have previously had or currently have a relationship in a business, private or domestic capacity with those contractors should declare that relationship.
- "Potential contractor" in this context means someone tendering or quoting for work with the Council or who has been requested to do so or has been in correspondence with the Council on the subject – in each of these cases where known to the employee. The intention is that the word "relationship" is used in its widest possible sense so that it would include, for example, connections of family and friends where known.

Employment, Office, Trade, Profession or Vocation (excluding your employment with SSDC)

NOTE: this is only relevant if you have an additional non SSDC job and applies to all staff – those with an additional non SSDC job on SCP29 and above must complete paragraph 1 below and those with an additional non SSDC on SCP28 or below must complete paragraph 2.

1. Are you on SCP29 or higher? [if no, please go to 2 below]

(If “YES” you need prior written permission from your Corporate Director or the Chief Executive to take up any additional paid appointment or engage in any other business. Staff at this level are expected to work only for the Council, unless an alternative arrangement had been agreed. If “NO” please go to 2 below.

YES		NO	
-----	--	----	--

Are you working only for the Council?

YES		NO	
-----	--	----	--

Do you have the agreement of your Corporate Director or the Chief Executive to this work?

YES		NO	
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What is the additional work you are doing?

Please provide full details here:

Notes: SCP 29 or higher

1. You should show every other employment, office, trade, profession or vocation that you have to declare for income tax purposes. **You do not need to disclose any salary or earnings.**
2. Give a short description of the other activity concerned: for example “Computer Operator” or “Accountant”.
3. You should give the name of the employer.
4. Where you hold any other office, give the name of the person or body which appointed you.

2. Are you on SCP 28 or below?

You should obtain your Corporate Director’s agreement to any secondary employment before taking it on; permission will not be refused unless the work would unreasonably conflict with the interests of the Council or weaken public confidence in the conduct of the authority’s business.

Do you work only for the Council?

YES		NO	
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If NO, has your Corporate Director agreed you can do this other work?

YES		NO	
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What is the additional work you are doing?

Please provide full details here:

Other Bodies to which you have been appointed or elected

Please provide full details here:

Notes:

This could be where you are a member of another Council a JP, a Governor etc. or where you are in a position of control or authority e.g. a trustee, shareholder in relation of another body. Please remind yourself of the obligations in relation to conflicts of interest set out in the Code of Conduct.

Membership of Secret Societies

Please provide full details here:

Notes:

You should declare any membership of secret societies which are:

'Any lodge, chapter, society, trust or regular gathering or meeting, which:

- (a) is not open to members of the public who are not members of that lodge, chapter, society or trust;
- (b) includes in the grant of membership an obligation on the part of the member a requirement to make a commitment (whether by oath or otherwise) of allegiance to the lodge, chapter, society, trust, gathering or meeting; and
- (c) includes, whether initially or subsequently, a commitment (whether by oath or otherwise) of secrecy about the rules, membership or conduct of the lodge, chapter, society, trust, gathering or meeting.

A lodge, chapter, society, trust, gathering or meeting as defined above, should not be regarded as a secret society if it forms part of the activity of a generally recognised religion'.

Freemasonry falls within the definition of a secret society. Freemasons who are members of The Grand Charity must register their membership of The Grand Charity.

FORM CC2

Name: (Please Print) _____

Service Area: (Please Print) _____

Declaration

Please put a cross against whichever of these two statements (a or b) applies to you. You **must** put a cross in one box and only one box.

a) I have no financial or other interests as described in Form CC1 which I have to declare

OR

b) I have set out under the appropriate headings in this form, my interests. Where I do not have an interest under a particular heading, I have put "**NONE**"

I recognise that it can be a disciplinary matter if I have deliberately or recklessly:

1. Omitted information that ought to be given in this notice;
2. Provided information that is materially false or misleading;
3. Failed to give further notices in order to:
 - bring up to date information given in this notice
 - declare an interest that I acquire after the date of this notice and have to declare
4. I understand the obligations and requirements set out in the Code of Conduct relating to Employees.

This form and the related completed Form CC1 (if applicable) should be sent to your Service Head when you have signed it.

Signed **Date**
Employee of South Somerset District Council

Checked and Received **Date**
Signed by Service Head of South Somerset District Council

Name

Receipt of Form acknowledged			Date
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Details entered onto database	
Date	By Whom

7. 2011/12 Annual Governance Statement Action Plan

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

Purpose of the Report

This report has been prepared for the Audit Committee to review the progress made on the 2011-12 Annual Governance Statement (AGS) Action Plan.

Recommendation

To note the progress made.

Background

The Audit Committee agreed the action plan in May 2011 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 25-26 and the current status of each issue is shown. At present all actions are progressing.

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: *None*

Audit Committee – 24th November 2011

8. Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on Thursday, 15th December 2011. After consultation with the Chairman, however, it is anticipated that the meeting will be cancelled as there is no urgent business to require the meeting to be held. The final decision will be made later in the month.

If the December meeting is cancelled, the next scheduled meeting of the Audit Committee will be held on Thursday, 26th January 2012 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

**SOUTH SOMERSET DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT**

2011/12 ACTION PLAN

No.	Issue	Responsible Officer	Actions	Current Status
1	Ensuring that a robust framework is embedded for the monitoring and collection of S106 contributions	David Norris	The framework put in place for S106 contributions is complete but it will be monitored in 2011/12 for effectiveness	Officer appointed to oversee S106's Monitoring system. Report format/process agreed by DX. Regular reports to Area Committees. Clean bill of health given by Internal Audit.
2.	Ensure awareness and compliance with Information Technology Policies ;	Roger Brown	Provide further training for staff on Information Technology Policies to ensure all staff are aware and comply with the policies	Policies are now being updated and a training programme is being drawn up. A new version of Policy Manager is being tested and will enable us to measure staff awareness.
3.	Ensure that SSDC meets with the requirements of the Bribery Act 2010	Donna Parham	To consider and introduce/incorporate a policy and training where necessary for staff and elected members on the Bribery Act 2010.	Policy now approved by Audit Committee. Training/ awareness yet to take place
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	Training to take place through the Corporate Performance Team. This needs to take into account the transfer of the Risk Register to TEN, and a review of the Local Code of Corporate Governance and Service Planning.	Training has taken place with the transfer of the risk register to TEN. Service planning has been revised and simplified and rolled out to Corporate Performance Team
5.	To ensure that there is guidance for members on conduct once the Standards Committee is abolished.	Ian Clarke	To introduce a Voluntary Code of Conduct for elected members following the abolition of the Standards Committee.	There will now still be a compulsory code but the form it will take is not yet known. It will be for local authorities to put in place their own procedures relating to how complaints will be dealt with and the sanctions that could be imposed.

No.	Issue	Responsible Officer	Actions	Current Status
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	Complete the Fraud and Data Strategy to link all anti-fraud work	2nd draft of Strategy being finalised and will then go for consultation before going through the adoption route via committee. Hope to have approved by April 2012 (depending upon other work commitment) and then rolled out to staff alongside updated Fraud etc policy and Whistleblowing Policy