

MEETING: AC.08 13:14
DATE: 23.01.14

South Somerset District Council

Draft minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday 23 January 2014.**

(10.00 a.m. – 11.25 a.m.)

Present:

Members:

Derek Yeomans (Chairman)
John Calvert
Tony Lock
Ian Martin

Roy Mills
Terry Mounter
David Norris
Colin Winder

Officers:

Donna Parham
Gary Russ
Anne Herridge
Lynda Creek
Tom Chown

Assistant Director (Finance & Corporate Services)
Procurement and Risk Manager
Democratic Services Officer
Fraud and Data Manager
Intern - Legal and Corporate Services

Also Present:

Simon Garlick
Peter Lappin
Andrew Ellins
Cllr Tim Carroll

Director - Grant Thornton
Senior Manager - Grant Thornton
SWAP
SSDC

61. Minutes (Agenda Item 1)

The minutes of the meeting held on the 28th November 2013, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

62. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs John Richardson and John Dyke.

63. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

64. Public Question Time (Agenda item 4)

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

65. Audit Committee Update – Grant Thornton (Agenda item 5)

Simon Garlick, Director - Grant Thornton, presented the progress report and emerging issues from Grant Thornton the external auditors for SSDC, as detailed in full in the agenda.

He gave members details of the progress at 13 December 2013, reference was made to the 'emerging issues and developments' as detailed in full in the agenda report, the Director - Grant Thornton mentioned the income from charging, as overall SSDC had a relatively high rate compared to other district councils, a detailed map copied from the Grant Thornton web site was used to illustrate this point and a similar detailed map indicated a relatively low percentage of Business Rate collection for SSDC for 2012/13.

In response to a question regarding 'Future Councillors' the Director - Grant Thornton replied that, that item had been included due to the fast changing more complicated world we now live in and was an issue now to be considered.

The chairman thanked the Director - Grant Thornton for the detailed report, he was pleased that SSDC was producing a good income. He felt that in the future it would be difficult to get people to stand as local councillors, as the work would be more complicated and involved.

The Audit Committee were content to note the contents of the report.

RESOLVED:

That the Audit Committee note the contents of the report.

Lead Officer: Donna Parham

Contact Details: donna.parham@southsomerset.gov.uk or (01935) 462225

66. Certification of Claims and Returns (Agenda item 6)

Peter Lappin Senior Manager - Grant Thornton presented the report, as detailed in full in the agenda, regarding their findings from signing off claims and returns for 2012/13.

He explained that the two key claims/returns certified for SSDC were the Housing and Council Tax Benefit Scheme and National Non-Domestic Rates (NNDR) Return. Although further testing had been required the Housing and Council Tax Benefit scheme had been given an unqualified opinion. The total amendment required was £297 to the overall claim of £56,529,949.

The chairman asked for the Benefits and Controls Officer, Kim Arthur, to be thanked for her extensive work and involvement that had ensured that Grant Thornton did not have to qualify the return for 2012/13.

The NNDR return was also unqualified but the return had been late and plans have now been put in place to rectify this and to improve the evidence and working papers for future years.

The Assistant Director (Finance & Corporate Services) explained that the lateness of the return was due to staff sickness, the process would now be undertaken by the Finance Service for the time being.

The Senior Manager - Grant Thornton referred to Appendix C - Fees and explained the figures as detailed in the appendix which he said were more complicated compared to last year. In conclusion Mr Lappin explained that the fees would again be reduced for the year 2013/14.

Members were content to note the contents of the Certification of Claims and Returns 2012/13.

RESOLVED:

That the Audit Committee note the contents of the Certification of Claims and Returns 2012/13.

Lead Officer: Donna Parham

Contact Details: donna.parham@southsomerset.gov.uk or (01935) 462225

67. SWAP Report – Fighting Fraud Locally (Agenda Item 7)

The Assistant Director (Finance & Corporate Services) introduced Lynda Creek, the Fraud and Data Manager and Tom Chown, the Intern - Legal and Corporate Services who have both been involved in preparing the Counter Fraud Strategy which would be presented to Audit Committee members next month.

In response to questions the Fraud and Data Manager replied that:

- Although there were controls and checks in place on a day to day basis for each service, an overall Counter Fraud Strategy was required so that clarity on the fraud risks and controls could be achieved;
- Information had already been collected from the CIPFA website which identified how much fraud a council with SSDC's profile should be finding. It had also been found that the majority of fraud found came from about a quarter of councils and those in that quarter had been pro-active in looking for it;
- All of the highlighted concerns regarding fraud issues had been collated and included in the report due to be presented to the Audit Committee shortly;
- Once the Counter Fraud Strategy was approved the intention was for a Counter Fraud Policy to be reviewed by the end of October 2014;
- The Whistle Blowing policy would also be included in the review, as would the guidance for publicising internal fraud cases so it is made clear that such breach of trust would not be tolerated;
- There were some statutory sanctions already in place that could be acted upon but it was acknowledged that the policy framework should also consider all the ones available even if we did not currently use them e.g. administrative penalties.

Having considered the papers, the Committee indicated that it was happy to note the findings of the report and the agreed action plan.

RESOLVED:

That the Audit Committee note the findings of the report and the agreed action plan.

Lead Officer: Donna Parham

Contact Details: donna.parham@southsomerset.gov.uk or (01935) 462225

68. Annual Review of Procurement Procedure Rules (Agenda Item 8)

The Procurement and Risk Manager presented the report to seek the approval of the Audit Committee of the updated Procurement Procedure Rules. He referred members to the highlighted words in the Procurement Procedure Rules document attached to the report and gave an explanation of the specified changes.

He asked members to note that the wording of Paragraph 4. (m) General Points to be Followed, would be replaced by the following:

Item (m) Under the Data Protection Act 1998 the responsible officer, when placing a contract for goods, works, or services, where any personal data is processed, must ensure that certain mandatory conditions are included in the contract. In addition, information should be requested about the technical and organisational security arrangements in place to protect the data so officers are satisfied that the processing is secure. Checks should be made, from time to time, to see that such arrangements are operating effectively.

Officers are recommended to check the guidance and policy documentation provided on the councils' intranet site under Corporate Information, Data Protection and Information Security as part of the procurement process and to seek further advice from the Fraud and Data Manager if there are any queries.

During discussion it was noted that all reference made to EC in the document would be replaced by EU and the date in 5 c) should read 1st January 2013 (not 2008.)

In response to a question the Procurement and Risk Manager explained that the reference to 'pounds sterling' in paragraph 5 - Compliance with European Law - c), was correct: although the threshold was set in Euro's it was then converted to the currency relevant to that country. The thresholds were reviewed bi-annually.

Discussion then ensued over the opening of tenders and if it would be preferable to continue with the practice of ensuring that a Councillor and officer were both present when a tender was opened, not because of distrust but to protect the officer.

In conclusion it was noted that the Fraud and Data Manager was in the best position to decide if the suggestion above should be written into the Procedure.

RESOLVED:

That the Audit Committee recommend to Full Council the revised Procurement Procedure Rules with an amendment to the wording of 4(M) to read as follows:

Under the Data Protection Act 1998 the responsible officer, when placing a contract for goods, works, or services, where any personal data is processed, must ensure that certain mandatory conditions are included in the contract. In addition, information should be requested about the technical and organisational security arrangements in place to protect the data so officers are satisfied that the processing is secure. Checks should be made, from time to time, to see that such arrangements are operating effectively.

Officers are recommended to check the guidance and policy documentation provided on the councils' intranet site under Corporate Information, Data Protection and Information Security as part of the procurement process and to seek further advice from the Fraud and Data Manager if there are any queries.

And that the Fraud and Data Manager should consider if a Councillor and officer should both be present when a tender was opened.

Assistant Director *Donna Parham, Finance and Corporate Services*
Lead Officer Contact Details: *gary.russ@southsomerset.gov.uk or (01935) 462076*

69. Follow up report resulting from internal audit of Risk Management and Ten risk register (Agenda Item 9)

The Procurement and Risk Manager presented the report and said that he had been disappointed, initially, that the audit assessment of the risk management process and procedures in place at SSDC had given only a 'partial assurance' opinion. He now felt improvements would make for a better process and he confirmed the actions completed to date as detailed in the Risk Management –TEN System follow up attached to the agenda report.

With reference to Risk Management and the Service Planning Process the Assistant Director (Finance & Corporate Services) advised that she would shortly be taking a report to Management Board requesting some amendments to service planning to include risk in order to enable managers to incorporate it ready for the 2014/15 service plans.

Members were content to note the report and the actions completed to date.

RESOLVED:

(1) That members note the report and the actions completed to date.

Lead Officer: *Gary Russ, Procurement and Risk Manager*
Contact Details: *gary.russ@southsomerset.gov.uk or (01935) 462076*

70. Audit Committee Forward Plan (Agenda Item 10)

Reference was made to the agenda report, which informed members of the proposed Audit Committee Forward Plan. It was agreed that the Financial Procedure Rules report would be presented to Audit Committee in March 2014.

RESOLVED: that the Audit Committee Forward Plan be noted as attached at Appendix A.

Lead Officer: *Anne Herridge, Committee Administrator*
Contact Details: *anne.herridge@southsomerset.gov.uk or (01935) 462570*

71. Date of the Next Meeting (Agenda Item 11)

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 27 February 2014 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

Lead Officer: Anne Herridge, Committee Administrator
Contact Details: anne.herridge@southsomerset.gov.uk or (01935) 462570

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Chairman