

MEETING: AC.11. 13:14
DATE: 27.03.14

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 27 March 2014**.

(10.00 a.m. –.11.00 am)

Present:

Members:

Derek Yeomans (Chairman)
John Calvert
John Dyke
Tony Lock

Roy Mills
Terry Mounter
David Norris

Officers:

Donna Parham
Karen Gubbins
Anne Herridge
Tom Chown

Assistant Director (Finance & Corporate Services)
Principal Accountant - Exchequer
Democratic Services Officer
Fraud and Data Intern

Also Present:

Tim Carroll
Simon Garlick
Andrew Ellins

SSDC
Director - Grant Thornton
SWAP Audit Manager

82. Minutes (Agenda Item 1)

The minutes of the meeting held on the 27 February 2014, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

83. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs Ian Martin, John Richardson and Colin Winder.

84. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

85. Public Question Time (Agenda item 4)

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

86. Supplementary report- Treasury Management Strategy Statement and Investment Strategy 2014/15

The Assistant Director – Finance and Corporate Services asked Audit Committee members to consider the supplementary report. A small amendment to the Treasury Management Strategy 2014/15 (approved at the Audit Committee on 27th February 2014) was required to ensure it covered the investments SSDC currently has in place.

The Strategy that Audit Committee approved had a cash limit of £2 million each for money market funds and other pooled funds. That had been reduced in order to increase diversity within the portfolio and ultimately reduce risk. When reducing the limits (from £6 million in the previous year's strategy) it had incorrectly been entered as £2 million and should have been £3 million. SSDC currently holds £3 million in a pooled property fund and it would not be economical to reduce that holding at this time.

During the short discussion members were content to approve the recommendation.

RESOLVED:

To agree an amendment to the cash limit of 'Money Market Funds and other Pooled Funds' to '£3 million nominal each' as referred to in 5.2 Appendix 1 within the Treasury Management Strategy for 2014/15.

Lead Officer: Karen Gubbins Principal Accountant - Exchequer
Contact Details: donna.parham@southsomerset.gov.uk or (01935) 462225

87. 2014.15 SWAP Internal Audit plan (Agenda item 5)

The Audit Manager, SWAP, presented the report as detailed in the agenda, he made particular reference to the reduction in audit days which was the lowest number of days recommended for audit coverage which was plausible due to working in partnership, extra days could be bought if necessary.

Members were content to the agreed internal Audit Plan.

RESOLVED:

That the Audit Committee agreed the Internal Audit Plan for April 2014 to March 2015.

Lead Officer: Andrew Ellins, Audit Manager
Contact Details: andrew.ellins@southwestaudit.co.uk

88. External Audit Plan (Agenda item 6)

The Director Grant Thornton introduced the Audit Plan for 2013/14 he made particular reference to the following points:

- Business risks, responses and challenges going forward;
- As part of the Value for Money, work would ensure the financial planning arrangements were in place to address the risks surrounding the financing changes;

- Changes to the CIPFA Code of Practice and changes to the Local Government Pension Scheme;
- Diagram showing the Grant Thornton Audit approach;
- Significant risks identified which apply to both the public and private sector alike;
- Walkthrough testing where no material weakness had been found;
- No issues had been found regarding journal entry controls;
- A review of information technology controls was still to be carried out;
- The timetable showing key dates;
- Fees.

During the short discussion mention was made of the SSDC's role and their part played in supported housing. In response to a query regarding the benefits of investing in infrastructure funding the Director - Grant Thornton replied that he did not see a problem with the issue of returns, as strategic decisions were considered thoroughly and a business case could be revisited to check the original intention.

In conclusion the Chairman thanked Grant Thornton for the comprehensive report and felt that the next few years could be interesting.

Members were content to note the Audit Plan for 2013/14.

RESOLVED:

That the Audit Committee noted the Audit Plan for 2013/14.

Lead Officer: Donna Parham

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

89. External Audit update for SSDC Audit Committee (Agenda Item 7)

The Director- Grant Thornton presented the agenda update report which highlighted the progress of SSDC's external auditors on the current audit plan. He referred to the following:

- The on-going work on Value for Money;
- The auditor panel which local authorities would be required to establish as part of their responsibility of choosing their own auditors would have to include a voluntary, independent member, the panel would have to advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- 2016 could be the tipping point when some authorities anticipate that they may be unable to meet statutory responsibilities but he considered that SSDC were in a strong position;
- Alternative delivery models in local government and different ways in which they could be delivered;
- Estimating the impact of business rate appeals where businesses had been overcharged up to 31 March 2014, it would be difficult to estimate the number and it would be challenging in terms of the work involved.

The Assistant Director – Finance and Corporate Services commented that appeals on business rate re-evaluation were reducing but there were still some from 2005.

The chairman concluded that with reference to the auditor panel he hoped that as a joint procurement SSSC could combine with other Local Authorities who use SWAP.

Members were content to note the update report.

RESOLVED:

That the Audit Committee noted the update from SSSC's external auditors.

Lead Officer: Donna Parham

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

90. Counter Fraud, Theft and Bribery Strategy & Counter Fraud Action Plan (Agenda Item 8)

The Data and Fraud Intern presented the report with the Strategy and Counter Action Plan that sets out the counter fraud tasks to be completed in the financial year beginning April 2014 as detailed in full in the agenda.

The officer explained that Management Board had suggested a few changes which had been incorporated within the document as attached to the report and the action plan had been endorsed by SWAP.

Members considered the action plan page by page, a few comments were made as detailed below:

- Ref 1.4 - members felt that all members and employees should be given the opportunity for an induction in fraud awareness not just new employees and recently elected members;
- Ref 2.5 Noted that an Annual Fraud Programme would be presented to Audit Committee members in December 2014;
- Ref 3.1 Noted that the Data and Fraud Manager would be invited to the next meeting of the Corporate Governance Group;
- Ref 3.3 Noted that the Data and Fraud Manager and Intern would be included on the circulation list of every audit report produced by SWAP;
- Ref 4.2 Expense of councils having sole power in the prosecution of tenancy offences and
- Ref 4.3 The necessity of monitoring and investigating council tax discounts such as the SPD (single person discount).

In response to the concern over the SPD's the Intern explained that it had not always been thought of as fraud when someone had claimed the discount when not eligible. That issue now needed to be addressed, it was hoped to produce a sanctions policy shortly to help staff deal with the problem.

The Assistant Director – Finance and Corporate Services explained that certain checks were already in place within Revenues and Benefits to check the eligibility of persons claiming SPD's but the new sanctions policy would guide the way for what measures SSSC wished to put in place for that and the Whistle Blowing Policy.

Members were content to agree the following recommendation.

RESOLVED:

That the Audit Committee

- 1) **Considered the Counter Fraud, Theft and Bribery Strategy, as well as the related Action Plan, and endorsed the adoption of the documents by Full Council;**
- 2) **Noted the key matters which would impact on the ability to deliver the Action Plan, particularly the resources available for counter fraud work.**

Lead Officer: Tom Chown, Fraud and Data Intern
Contact Details: tom.chown@southsomerset.gov.uk or (01935) 462182

91. Health, Safety & Welfare – Annual Report (Agenda Item 9)

The Assistant Director – Finance and Corporate Services presented the report on behalf of the Civil Contingencies Manager.

In response to a query she would ask the Streetscene Manager to forward details to Audit Committee members of the type of injuries that lead to 24 lost working days. She also explained that there were several safety checks that had to be carried out during the process of sharing office space but it was all in hand.

Members were content to note the report.

RESOLVED:

That members note and comment on the report.

Lead Officer: Pam Harvey, Civil Contingencies Manager
Contact Details: pam.harvey@southsomerset.gov.uk or (01935) 462303

92. Audit Committee Forward Plan (Agenda Item 10)

Reference was made to the agenda report, which informed members of the proposed Audit Committee Forward Plan.

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

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

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 24th April 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

.....
Chairman