

## South Somerset District Council

**Draft Minutes** of a meeting of the **Audit Committee** held in the **Virtual Meeting using Zoom meeting software on Thursday 25 November 2021.**

(10.00 - 11.15 am)

### **Present:**

**Members:** Councillor Martin Carnell (Chairman)

Robin Bastable      Brian Hamilton  
Mike Best            Tim Kerley  
Derek Yeomans (Independent member)



### **Officers**

Karen Watling                      Chief Finance Officer (S151 Officer)  
Michelle Mainwaring              Case Officer (Strategy & Support Services)  
Becky Sanders                      Case Officer (Strategy & Support Services)

### **Also Present:**

David Warren                      Principal Investigation Officer (SWAP)  
Peter Seib                          Guest

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### **37. Minutes (Agenda Item 1)**

The minutes of the meeting from 28<sup>th</sup> October 2021 were approved as a correct record, and would be signed by the Chairman.

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### **38. Apologies for absence (Agenda Item 2)**

Apologies for absence were received from Councillors Dave Bulmer, Malcolm Cavill, Mike Hewitson and Paul Maxwell.

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### **39. Declarations of Interest (Agenda Item 3)**

There were no declarations of interest.

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### **40. Public question time (Agenda Item 4)**

There were no members of the public present.

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### **41. Date of next meeting (Agenda Item 5)**

Members noted that the next meeting of the Audit Committee was scheduled for 2.00pm on Wednesday 9<sup>th</sup> February 2022, meeting venue to be confirmed.

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## **42. Presentation - Counter Fraud (Agenda Item 6)**

Dave Warren (SWAP) addressed the committee and introduced himself as the Principal Investigations Officer in the Counter Fraud Investigations Team. He explained a base line assessment for Fraud Maturity at SSDC had taken place in March 2021 and that members had already received a copy of the findings in a report earlier this year.

He proceeded to give some background and the next steps to tackling fraud, including that fraud had now become a huge issue in society and costing the public sector over £40 billion per year. It was therefore the objective of SWAP to provide a coordinated and proactive service to support this explaining the counter fraud investigations service set up in July 2020 and which forms part of the business plan and commitment going forward.

He continued to give a detailed presentation including the following:

- SSDC took part in and completed a baseline assessment, created mainly using the Fighting Fraud Locally Strategy 2020.
- The Assessment itself consisted of 27 elements – each assessed as red, amber or green and split into deemed areas. He referred to a document already circulated to members and explained the traffic light system and key findings. These details were considered to be confidential but should members wish he would be happy to speak to them offline.
- Highlighted the Committee Related Theme that had been scored ‘amber ‘which indicates ‘partially in place requires improvement’.
- Explained the role of the Audit committee and drew attention to the following:
  - Currently SSDC have no portfolio holder for fraud.
  - Little evidence to support member training in counter fraud and corruption.
  - Little evidence that members are regularly briefed on counter fraud or progress and recommend that this should be actioned by year end.
  - Lack of challenge regarding counter fraud activity.
- Referred to the action plan and the attention to revisit the assessment in the first quarter of the next financial year and ultimately be a vehicle to improve assessment in the future.
- Gave an update of where SSDC are at present following the assessment that took place earlier this year. This included that:
  - The Monitoring Officer agreed to take on operational responsible for actions within this report.
  - A Full risk assessment had now been undertaken by SWAP, which had now been shared with the SLT and Monitoring officer.
  - Assign a portfolio holder for fraud – yet to be completed.

The Monitoring Officer then proceeded to give members an update on the anti-fraud and corruption policies, including whistle blowing and money laundering policy. Priorities included providing training sessions for everyone to help raise awareness for staff and make these policies much more visible, as it was important to ensure this was a key issue to be considered and highlighted for the new authority going forward.

Dave Warren also wished to convey how vitally important it was that SWAP work closely with the Council to support implementation of these actions, the need to keep a close eye with the Local Government Reorganisation going forward and with the objective to report back progress to this committee on a regular basis. He concluded by referring to the cross partner report and how SSDC had faired with the other 11 local authorities who had taken part.

In response to questions, he advised members of the following:

- Largely found across all authorities that there weren't many appointed portfolio holders for fraud.
- An Amber assessment had been scored in the committee role across all authorities who had taken part.
- Believed the two red areas identified with SSDC can be fixed quite quickly.
- Acknowledged SSDC had discussed fraud in the past but this was more specific to counter fraud and regular reporting and updates.

During members' discussion it was highlighted that regular updates regarding counter fraud were required for future meetings of the Audit Committee and that the roles of both the Audit Committee and Scrutiny Committee were clearly set out.

It was therefore agreed that an additional meeting be scheduled for the New Year to discuss counter fraud issues in more detail. It was also agreed to hold a confidential briefing for members of the committee to discuss an ongoing matter at the close of the meeting.

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#### **43. Proposal to opt into the National Scheme for External Auditor Appointments (Agenda Item 7)**

The Chief Finance Officer presented the report and clarified the current external auditor arrangements with Grant Thornton that will end up to and including the audit of the 2022/2023 statement of accounts.

She reported that the Council have been asked by the Public Sector Audit Appointments (PSAA) whether they wish to appoint the external auditors. She explained that although Councils can arrange their own appointments, she recommend that the Council choose to opt into the national collective scheme administered by PSAA for reasons as set out in the agenda report.

She wished to note that the other Somerset Section151 officers had also agreed to opt into these arrangements, and that although this will ultimately be a Council decision, she requested the comments and views of the Audit Committee before the decision would be taken to Full Council.

In response to questions, the Chief Finance Officer advised members that:

- PSSA had advised it appropriate to undertake this appointment system just in case anything happened to the Local Government Reorganisation.
- This is a national procurement with a five year contract, however she was unsure what the default penalties are should the Somerset Unitary Council wish to opt out in the future, although she believed this is to be highly unlikely.
- Going forward she understood any newly established council are able to opt into the scheme and any local authority that ceases to exist are removed from the scheme.

During a short discussion members agreed this to be a sensible way forward and it was important to be working in line with the other Somerset local councils.

There being no further discussion it was then proposed and seconded to agree recommendations A and B as set out in the agenda report. On being put to the vote this was carried unanimously. Members also agreed to note recommendation C as set out in the agenda report.

**RESOLVED:**

That Audit Committee recommends to Council to:

- a) Accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors for the five financial years from 1 April 2023.
- b) Delegate authority to the Chief Finance Officer (S151 Officer) to sign the Notice of Acceptance of the invitation to opt in.
- c) Note that newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations Act 2015, which will enable the new unitary council to consider opting in to PSAA's scheme or make alternative arrangements when legally constituted.

(voting: unanimous)

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**44. Audit Committee Forward Plan (Agenda Item 8)**

Members noted that the February 2022 Audit Committee meeting would be an in person meeting as there was the need to sign off the Statement of Accounts. Further details will be confirmed in due course.

**RESOLVED:**

Members noted the Audit Committee Forward Plan as shown in the agenda.

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Chairman