

## **Audit Committee**

This report summarises the items considered by the Audit Committee on 23<sup>rd</sup> November:

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### **54. Quarter 3 Internal Audit Plan 2017/18 Progress Report (Agenda Item 6)**

The Senior Auditor (SWAP) presented the report which provided Audit Committee with an update on the position of the 2016/17 Internal Audit Plan and reviewed the progress made on the 2017/18 Internal Audit Plan. She updated members that since the agenda had been published some more reports had gone out to the final stage, and referring to page 18 of the agenda she highlighted the audits that had been removed from the plan.

During a short discussion officers responded to points of detail. Members also raised concern about the current provision and arrangements for procurement, and the monitoring and reporting of risk management. They queried if it was possible for the Committee to request that risk management be demonstrated or a report added to the Forward Plan.

In response, the Section 151 Officer advised that procurement support was being provided by Taunton Deane Borough Council. He also advised that risk management was embedded across services with risk analyses included in committee reports as standard for reporting to members, and that the Director (Strategy & Commissioning) was due to review arrangements for risk management. The Section 151 Officer offered to arrange a briefing note to provide further clarity for members of the Audit Committee on the arrangements for procurement and risk management. The action was agreed by members.

The Director of Quality (SWAP) noted that currently one of the biggest risks to SSDC was the Transformation and change programme. He noted they were due to commence an audit of Transformation in the near future. They would work with Transformation Team to look at multiple aspects including the governance structure, challenge the business as usual element, and financial reporting etc. He noted resources within SWAP were ready to go and they were just waiting for engagement from the Transformation Team.

In response to comments made during the short ensuing discussion, the Director of Quality noted there had been some discussions within SWAP about benefit realisation. He commented it was important to monitor progress through Transformation to check that the anticipated benefits were being realised. It was also acknowledged that the new GDPR (General Data Protection Regulations) coming into force in 2018 would need to be embedded into the Transformation programme.

At the end of debate members were content to note the progress made.

**RESOLVED:** That the position of the 2016/17 Internal Audit Plan and the progress made on the 2017/18 Internal Audit Plan (Quarter 3) be noted.

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### **55. Treasury Management Performance to September 2017 (Agenda Item 7)**

The Section 151 Officer presented the report which detailed the treasury management activity and the performance against the Prudential Indicators for the six months ending 30 September 2017. He noted the performance of investments was on track to meet the budget. He highlighted some key elements of the report including that the authority currently had no

external borrowing, was within the prudential indicators, and the Bank of England base rate had increased earlier in the month which the market had expected. He reminded the Committee that in line with the agreed financial strategy and commercial strategy, the Council will need to obtain external loan finance in future to deliver the Council's approved capital investment plans.

During discussion, the Section 151 Officer responded to points of detail including further information about:

- increasing the return on investments
- internal investments
- how borrowing could work
- the Closing Capital Financing Requirement

At the end of discussion members were content to the note the Treasury Management Activity and the position of the individual prudential indicators.

**RESOLVED:** That the Audit Committed noted:

- The Treasury Management Activity for the six-month period ended 30 September 2017.
  - The position of the individual prudential indicators for the six-month period ended 30 September 2017.
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## **56. Annual Counter Fraud Action Plan Update (Agenda Item 8)**

The Fraud and Data Manager introduced the Fraud and Data Officer. She then presented the report which provided an update to the Audit Committee on counter fraud work in general, and the Annual Counter Fraud Action Plan. She reminded members that roles would change as the authority progressed through Transformation, but it was possible they would both continue to have some involvement with fraud and data protection, but this had yet to be confirmed. It was noted that the Action Plan required staff resources to be prioritised in order to deliver the plan.

The Section 151 Officer explained that the data protection function was a legal requirement and the requirements would continue to be delivered in the future, but possibly not in the way it is now as the council staffing structure is changing. This would be managed through the transition to the new operating model.

During discussion members raised several comments and concerns regarding Transformation including that Audit Committee had not had a report for some time. Some members also queried if Audit Committee should be monitoring the finances, both expenditure and savings, relating to the Transformation programme.

In response, the Section 151 Officer reminded the Committee that delivery of the programme, both in terms of project costs and ongoing savings, is being monitored with quarterly reporting of progress to District Executive, and therefore there were opportunities to raise questions at those meetings and at the Scrutiny Committee. Financial reporting was also included in the normal budget reporting process, and if there were any concerns these would be highlighted in both the budget monitoring reports and if necessary the annual budget setting reports. He commented that the information was reported and publicly available, and did not support a duplication of this reporting to Audit Committee.

There being no further discussion, members were content to note the report and the updated Annual Counter Fraud Action Plan.

**RESOLVED:** That the Annual Counter Fraud Action Plan Update report and the updated Action Plan be noted.

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## **57. Audit Committee Forward Plan (Agenda Item 9)**

Members noted there were no reports scheduled for the December meeting, and therefore the meeting was likely to be cancelled.

The Fraud and Data Manager suggested members would be interested in a report regarding the progress made to date regarding preparation for the GDPR (General Data Protection Regulations) – members agreed that the report should be made to the January meeting.

The Section 151 Officer also noted a report on the Treasury Management Strategy would need to come forward for the January Committee, but this may be delayed to February if significant changes are required from the new Prudential Code and Treasury Guidance due to be published in January 2018.

**RESOLVED:** That the Audit Committee Forward Plan be noted including the following additions to the plan:

- Progress made to date regarding preparation for the GDPR (General Data Protection Regulations) – January.
  - Treasury Management Strategy 2018/19 - January.
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Cllr Derek Yeomans  
Chairman of Audit Committee