

## South Somerset District Council

**Minutes** of a meeting of the **Audit Committee (Informal)** held in the **Virtual Meeting** using **Zoom meeting software** on **Wednesday 16 February 2022**.

(2.00 - 3.45 pm)

### **Present:**

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

Robin Bastable	Mike Hewitson
Mike Best	Tim Kerley
Dave Bulmer	Paul Maxwell
Brian Hamilton	Colin Winder
	Derek Yeomans (IM)



### **Officers**

Alastair Woodland	Assistant Director, SWAP
Karen Watling	Chief Finance Officer (S151 Officer)
Jill Byron	Monitoring Officer
Paul Matravers	Lead Specialist (Finance)
Toffer Beattie	Lead Specialist (Digital Change)
Emily Wilce	Specialist Finance
Michelle Mainwaring	Case Officer (Strategy & Support Services)
Becky Sanders	Case Officer (Strategy & Support Services)

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

The minutes of the meeting from 25th November 2021 were approved as a correct record, and would be signed by the Chairman.

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

An apology for absence was received from Councillor Malcolm Cavill and Councillor Colin Winder was present as a substitute.

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

There were no declarations of interest.

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

There were no members of the public present.

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

Members noted that the next meeting of the Audit Committee was scheduled for 10.00am on 24th March 2022, meeting venue to be confirmed.

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#### **50. SWAP Internal Audit Progress Report 2021-22 (Agenda Item 6)**

The Assistant Director (SWAP) presented the report, which updated members on the Internal Audit Plan progress and highlighted any progress and changes with the annual plan brought any findings to member's attention. He highlighted some elements of the report including:

- Work that's been completed since the previous update;
  - Green homes grant
  - Chard regeneration projects - lessons learnt
  - Regeneration project governance review
- One priority 2 action in the follow up audit of the project governance review would remain outstanding due to changes in staffing and that unitary was coming into effect.
- The other priority 2 findings for the Regeneration project governance review were now complete.
- Key findings of the Chard regeneration projects lessons learnt
- Two additions to the audit plan, the decarbonisation Grant sign off would be moved to Q1 due to an extension on the grant and Unitary lessons learnt for Audit partners to share with the current LGR board.
- The Covid19 grant works were put on hold due to the omicron grant and would be looking to move this to Q1.
- Opium arrangements work had started and would look to give joint feedback to audit committee along with management.
- Due to Unitary there would be an expectation of plan disruption and a need to be flexible.

The Chairman explained to members the reason for the Opium report being moved to a later date and that the report and SWAP report will be brought to committee together.

One member queried the detail of the ongoing urgent matter and the Assistant Director (SWAP) explained that the ongoing urgent confidential matter was in relation to the recent investigation that was undertaken. A separate controls report that showed areas that could be strengthened could be shared with members but a follow up would happen in 22/23 and feedback would be provided to members to give assurance that recommendations have been implemented.

There was a query in relation to the regeneration projects and the Chief Finance Officer informed members that both Wincanton and Yeovil refresh projects were underway and the District Executive agenda for the 17<sup>th</sup> February had public reports regarding both refresh projects that were viewable on the public website.

In response to a question regarding the ongoing confidential matter, the Chairman informed members that he was made aware that some of SWAP's time was being used for a confidential audit matter. The Monitoring Officer said the question on whether the Audit Chairman and members should have been further informed would be something that would be looked at with the lessons learnt.

The Chief Finance Officer responded to a further question on the lessons learnt from Chard Regeneration and assured members that the whole approach to the regeneration programme was one of lessons learnt, and gave some examples of how they were working differently.

Councillor Robin Bastable requested the details of the role of project managers for the regeneration projects and The Monitoring Officer explained that she would ask the Director of Place and Recovery to provide the information.

There were no further comments and members were content to note the report.

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## **51. Treasury Management Strategy Statement 2022/23 (Agenda Item 7)**

The Lead Specialist (Finance) presented the report which informed members of the recommended strategy in relation to borrowing, investments and treasury management activities. He highlighted to members the key sections of the Strategy Statement and The Prudential and Investment Indicators.

In response to questions raised, the Lead Specialist gave the following responses;

- A financial derivative explanation would be emailed out to members.
- Explained the reason for the external borrowing figures in table 1 and 2 being different.
- MRP changes were out to consultation but any impact would be in the 2023/24.
- There was a treasury management risk reserve to cover a potential interest increase beyond what was predicted and the risk reserve would carry over into the new authority.
- After consulting with the CFO it was agreed that the approved limit for 2022/23 in Table 6 would needed to be revised to 40 million, as the figure had been incorrectly input.

There were no further questions and it was proposed and seconded to approve the recommendations with a revision to the approved limit in Table 6 of the Treasury Strategy from 35 million to 40 million. On being put to the vote it was agreed unanimously.

**RESOLVED:**

That the Audit Committee;

- a. reviews and recommends that the Full Council approves the 2022/23 Treasury Management Strategy Statement incorporating the revision to the approved limit for 2022/23 respective of table 6 from 35million to 40million.
- b. reviews and recommends the proposed borrowing and investment limits;
- c. notes the Minimum Revenue Provision statement for 2022/23.

*(Voting: Unanimous)*

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## **52. Cyber Security Update (Agenda Item 8)**

The Lead Specialist, Digital introduced himself to members and explained that he was attending Audit Committee to give a verbal update on Cyber Security. With the aid of a PowerPoint presentation he proceeded with the update and some of the key points included;

- The threat from cyber criminals has increased due to covid19 which has changed the way we live and work with so much more being done online
- The impact of a cyber-attack could last for a long time and in some cases last for months.
- 111 suspect phishing attacks on SSDC in the month of January and 1 was considered an advanced threat
- Explained the different ways cyber-attacks could be carried out
- LGA (Local Government Association) tested local authorities in 2021 in order to get a better understanding of common vulnerabilities in councils, make operational recommendations and to come to strategic conclusions for local government leaders. They sent SSDC a findings report in December 2021
- Explained the 7 strategic conclusions from the LGA report
- The Digital team continually reviewed IT defences through IT health checks and was routinely audited through SWAP and others
- Mandatory staff awareness training for all staff had been put in place
- There was Investment in IT and a reserve fund to call on when needed
- LGA and Central government saw Cyber Security as a leadership responsibility and the Cyber Strategy appointed the Director of Strategy and Support Services as the senior information risk owner
- Worked with partners and suppliers that also had strong cyber security.
- Tested disaster recovery regularly
- Cyber security was a work item on the LGR programme

In response to questions raised by members the Lead Specialist Digital gave the following responses;

- He was aware of a recent phishing incident and it was an example of showing how important identifying and reporting suspect emails were.
- There had been a recent technical issue with the website that had not been a security risk.
- The source of a problem was not always easily identifiable in the initial stages but there were systems in place that monitor and log traffic to pick up suspicious activity.

There were no further questions or comments and the Chairman thanked the Lead Specialist Digital for attending the meeting.

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## **53. Update from Audit Committee Terms of Reference Working Group (Agenda Item 9)**

The Assistant Director (SWAP) presented the report which gave an update from the Audit Committee Terms of Reference (ToRs) working group. It was good practice to periodically check the current ToRs were fit for purpose. They were reviewed against CIPFA benchmark suggested ToRs and some gaps between the existing ToRs and the CIPFA suggested ones had been identified. It was felt that some CIPFA standard ToRs

gave more clarity on what was meant so these had been updated in the proposed new terms of reference in Appendix A. Nothing had been taken away from what was already in place.

The Chairman acknowledged that the district council would cease to exist in April 2023 but it was still felt that considering the work that had been put into updating the ToRs, it was still worth recommending these to Full Council and that these could be taken into LGR going forward.

Some members highlighted the absence of a recent risk management update, it was noted that there was a Risk Management item in the Forward Plan for May.

Councillor Paul Maxwell expressed the view to sharing the Terms of Reference with the LGR joint scrutiny committee.

There were no further comments and it was proposed and seconded to approve the recommendation to Full Council and was approved unanimously.

**RESOLVED:**

That Audit committee;

Recommend the proposed Audit Committee Terms of Reference (Appendix A) to Full Council for approval.

*(Voting: Unanimous)*

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**54. Audit Committee Forward Plan (Agenda Item 10)**

In response to a query regarding post vesting day, the Monitoring Officer confirmed the new authority would need to pick up the audit work that would need to be finalised from the district council as it will no longer exist.

**RESOLVED**

That the Forward plan be updated with the following amendments;

- Certification of Claims report moved to May
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**55. Exclusion of the Press and Public - WITHDRAWN - Item moved to a future meeting (Agenda Item 11)**

This item was withdrawn from the agenda.

**56. Briefing Paper on SSDC Opium Power Ltd. (Confidential Report) - WITHDRAWN - Item now moved to a future meeting (Agenda Item 12)**

This item was withdrawn from the agenda and will be discussed at a future meeting.

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Chairman