

## South Somerset District Council

**Minutes** of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 23 July 2015.**

(10.00 - 10.55 am)

**Present:**

**Members:** Councillor Derek Yeomans (Chairman)

Jason Baker	Tony Lock
Mike Beech	Graham Middleton
Mike Best	David Norris
Carol Goodall	Colin Winder
Val Keitch	

**Officers**

Amanda Card	Finance Manager
Angela Cox	Democratic Services Manager
Gary Russ	Procurement and Risk Manager

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**13. Minutes (Agenda Item 1)**

The minutes of the meeting held on 25<sup>th</sup> June 2015, copies of which had been circulated, were taken as read, and having been approved as a correct record were signed by the Chairman.

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**14. Apologies for absence (Agenda Item 2)**

There were no apologies for absence.

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**15. Declarations of Interest (Agenda Item 3)**

There were no declarations of interest made.

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**16. Public question time (Agenda Item 4)**

There were no members of the public present.

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**17. Assessment of Going Concern Status (Agenda Item 5)**

The Finance Manager introduced the report and advised that the report was a new requirement for the purpose of producing the Statement of Accounts for 2014/15. The report contained snapshots which confirmed that the Council reserves were in a healthy

position, the correct governance arrangements were in place to spend money and the Council was overall a viable going concern.

In response to questions from Members, the Finance Manager confirmed that the risks to the 2016/17 budget were:-

- the costs of the works to be completed by the Somerset Rivers Authority.
- a further cut in the Governments Rate Support Grant subsidy.
- A proposed cut in funding by Somerset County Council to the Pathways for Adults (P4A) scheme which funded the Newton Road Homeless Shelter.

During discussion, the Finance Manager also confirmed that:-

- Although the changes to the National Minimum Wage announced in the recent Budget statement could affect a small number of SSDC staff in the Country Park café or at the Octagon Theatre, the major impact was more likely to come from existing contracts with outside organisations.
- The majority of the £1.4m budget underspend in 2014/15 was additional income and the remainder was prudent budget management by service managers rather than overstated budgets.
- The Council's net assets had been reduced by additional pension contributions during 2015/16.

At the conclusion of the debate, Members were content to note the assessment of the Council's status as a "going concern" for the purpose of the Draft Statement of Accounts for 2014/15.

**RESOLVED:** That the Audit Committee noted the outcome of the assessment made of the Council's status as a "going concern" for the purposes of the draft Statement of Accounts for 2014/15.

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## 18. Exemptions from Procurement Procedure Rules (Agenda Item 6)

The Procurement and Risk Manager advised that the Contract Standing Orders had been updated and renamed as the Procurement Procedure Rules. There were circumstances where it was not appropriate or feasible to abide by the rules and it had been agreed that these exceptions would be reported to the Audit Committee. He also noted that Councils were required to abide by EU Procurement Regulations which covered areas relating to construction works and additional supplies or services not included in an original contract.

In response to questions from Members, the Procurement and Risk Manager advised that:-

- New software purchases usually included the purchase price plus 5 years of maintenance.
- His current projects included a new tender for the electrical work in SSDC buildings, new equipment for the Print Room, unbundling the Broadband contract at the Innovation Centre and keeping the Careline contact centre local to maintain knowledge of the local area.

- A risk sharing basis was usually adopted with suppliers and contractors where a sum was paid on purchase and a sum held back.
- He had resisted on-line e procurement as small traders often struggled to comply, however, Councils would be forced to be fully compliant within 2 years and he had allocated £5,000 complying with this EU directive.

At the conclusion of the debate, the Procurement and Risk Manager agreed to provide a short training session on the broader aspects of procurement at a future meeting of the Audit Committee.

**RESOLVED:** That the Audit Committee noted the exemptions from Procurement Procedure Rules report.

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## 19. Audit Committee Forward Plan (Agenda Item 7)

In response to a question, the Chairman advised that there would be no decision on Community Infrastructure Levy (CIL) until 2016 at the earliest.

Members were content to note the forward plan.

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## 20. Exclusion of Press and Public (Agenda Item 8)

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## 21. Risk Management update - Confidential (Agenda Item 9)

The Procurement and Risk Manager provided Members with a risk management update. He explained the current risk matrix which was included in District Executive reports and the proposal to move to a dual inherent and residual matrix to explain the existing risk situation and the residual risk after controls were put in place. He also drew Members attention to the TEN risk monitoring dashboard.

In response to a question, the Procurement and Risk Manager advised that there were no plans to use contactless card payment methods for Council services at the current time. It was noted that there was a £20 limit on these transactions.

At the conclusion of the debate, Members were content to agree the recommendations of the report.

**RESOLVED:** That the Audit Committee agreed:

1. to note the risk report details in the Agenda report.
2. to note the change to member reports to add a second risk Heat map showing risk position if the Council did nothing and risk position if the recommendations contained in the report were approved. Management Board had approved this change.

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Chairman