

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 27 July 2017.**

(10.00 - 11.15 am)

Present:

Members: Councillor Derek Yeomans (Chairman)

Jason Baker	Tony Lock
Mike Best	David Norris
Carol Goodall	Colin Winder
Val Keitch	Anna Groskop

Officers

Paul Fitzgerald	Section 151 Officer
Catherine Hood	Finance Manager

Also Present:

Barrie Morris	Engagement Lead – Grant Thornton
David Johnson	Audit Manager – Grant Thornton

21. Minutes (Agenda Item 1)

The minutes of the previous meeting held on Thursday 22nd June 2017, copies of which has been circulated, were approved as a correct record and were signed by the Chairman.

22. Apologies for absence (Agenda Item 2)

An apology of absence was received from Councillor Graham Middleton.

23. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

24. Public question time (Agenda Item 4)

There were no members of the public present during the meeting.

25. Date of next meeting (Agenda Item 5)

Members noted that the date of the next meeting of the Audit Committee was scheduled for 10am on Thursday 28th September in the Main Committee Room, Brympton Way, Yeovil.

26. Assessment of Going Concern Status (Agenda Item 6)

The S151 Officer presented his report to members as detailed in the agenda report. He explained that the purpose of Going Concern Status was to provide assurance to the Committee and the Council that there are sufficient resources to continue delivering services for at least the next 12 months and that the annual accounts can therefore be prepared on a going concern basis.

In response to a question from a member, he confirmed that the delivery of the Transformation Project was an important factor in delivering an ongoing sustainable financial position. It was his view that SSDC was in a comfortable position to mitigate short term pressures as they had the necessary reserves in place. He clarified that in the unlikely event that there was a slower than anticipated delivery of transformation savings, funds could be drawn from reserves.

In response to a further question, he clarified that the requirement in assessing going concerns is to look forward 12 months from the date of approving the accounts and that further detail was included within end of year reports that were presented to other Committee meetings.

RESOLVED: that members noted the report.

27. Audit Findings Report 2016/17 (Agenda Item 7)

The S151 Officer presented the report to members as detailed in the agenda. He explained that the report summarised the findings from the review undertaken by Grant Thornton, the Council's external auditor.

He explained to members that the outcome was positive as he had anticipated and that the review was supportive of the accounts. He thanked the team at Grant Thornton.

Barry Morris, of Grant Thornton, addressed the Committee. He explained that he the new engagement lead for South Somerset District Council.

He referred to page 16 of the report which explained the purpose of the review and that the key findings and financial reporting issues were detailed on page 17 of the agenda.

He clarified that in relation to the Audit Finding of Significant Risk on page 21, some work had been carried out. He further clarified that the error in the valuation of property had now been resolved. He advised members that there were no concerns or issues on the CIPFA 'Telling the Story' project.

He further advised there were no issues on the 'audit findings against other risks' or the 'accounting policies, estimates and judgements'.

David Johnson, also of Grant Thornton, referred to the Internal Controls Audit which was detailed on page 29 of the report. He explained that this was an opinion on the financial statements and included a summary of the whole process.

He advised that the Severance and Redundancy Pay Policy, although was fit for purpose, had not been recently reviewed.

He pointed out some further highlights of the report to include;

- The IT security policies have been reviewed and agreed.
- There had been no adjusted misstatement.
- There were unadjusted misstatements, which had been made, however these were consistent with previous years. (detailed on page 32)
- There were misclassifications and disclosure changes; however these were administration errors in the disclosure. (detailed on page 33)

In relation to the Transformation Project, he advised members that he had more assurance in the revised business case, however the project would continue to be reviewed.

They responded to members questions in relation to the Transformation Project.

RESOLVED: that members noted the report.

Following the Committee, the Finance Manager and External Auditor notified all Committee Members of an update to a figure included in the Audit Findings Report. The comparison of investment balances included on page 21 of the Grant Thornton report (agenda page 32) 'unadjusted misstatements' reports a misstatement of £438,000 whereas Members are advised this should be £89,000. The substance of the finding remains that there is a non-material difference to be reported, therefore the external auditor proposes not to formally issue a revised Audit Findings Report but wishes to bring this update to the attention of Audit Committee Members

28. Statement of Accounts 2016/17 (Agenda Item 8)

The Finance Manager presented her report to members. She explained that the statement was split into 4 main statements, the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and Collection Fund.

The Finance Manager and the S151 Officer clarified points of detail within the report.

The Finance Manager referred members to page 90 of the report which detailed the movements in the reserves held by the authority.

She also referred members to the Collection Fund Account which was detailed on page 127 of the agenda. She explained that this provided a breakdown of the current position. She further explained that the Annual Governance Statement which was detailed within the report, had previously been approved as a draft.

During the discussion, external loans were discussed, however assurance was given by the Finance Manager that the 2 outstanding external loans were on track.

Following the discussion, it was proposed and seconded that members note the statement, to approve the statement of accounts and to authorise that the S151 Officer and the Chairman of the Audit Committee sign the letter of representation.

On being put to the vote, this was carried unanimously.

RESOLVED: that members;

1. Note the external auditors unqualified opinion on the financial statements
2. Approve the 2016/17 Statement of Accounts.
3. Authorise that the S151 Officer and the Chairman of the Audit Committee sign the Letter of Representation.

(Voting: unanimous)

29. Summary Statement of Accounts (Agenda Item 9)

The S151 Officer explained that his report was a summary of the Statement of Accounts which included headlines from the full statement.

Following a short discussion, members agreed to note the report.

RESOLVED: that members noted the report.

30. Audit Committee Forward Plan (Agenda Item 10)

The S151 Officer, with the agreement of the Chairman, confirmed that the August meeting of the Audit Committee would be cancelled.

It was further suggested that the Treasury Management Practices report and the Treasury Management – First Quarter and Monitoring Report be deferred until the October meeting of the Committee.

RESOLVED: that the August meeting of the Audit Committee would be cancelled and that the Treasury Management Practices report and the Treasury Management – First Quarter and Monitoring Report be deferred until the October meeting of the Committee.

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Chairman