

## South Somerset District Council

**Minutes** of a meeting of the **Audit Committee** held at the **Council Chamber - Council Offices** on **Thursday 19 July 2018**.

(10.00 - 10.55 am)

### **Present:**

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

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

### **Officers**

Becky Sanders	Case Services Officer (Support Services)
Paul Fitzgerald	Section 151 Officer
Nicola Hix	Lead Specialist (Finance)

### **Also Present:**

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

The minutes of the previous meeting held on Thursday 28 June 2018, copies of which had been circulated, were agreed as a correct record and signed by the Chairman.

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

Apologies for absence were received from Councillors Carol Goodall and Anna Groskop.

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

There were no declarations of interest.

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

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

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

Members noted that the next meeting of the Audit Committee was scheduled for 10am on 25 October 2018 in the Main Committee Room, Brympton Way.

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## 18. 2017/18 Annual Governance Statement (Agenda Item 6)

The Section 151 Officer introduced the report and reminded members that the Annual Governance Statement provided a summary of the framework that the Council works within, the control environment, and the approach to risk management. He noted that there were no significant governance issues or risks that he needed to bring to the attention of the Audit Committee.

During a short discussion members queried the how often risk management and the policy were reviewed. The Section 151 provided an overview of the process and reassured members that major programmes, such as Transformation, had good risk management which was reviewed fortnightly.

The Chairman commented it was important the Audit Committee were kept updated regarding the risk management processes in place. He also noted that in the past regular reports had been considered by the Committee, and requested that a similar report be added to the Forward Plan. Members were in general agreement that the risk management policy should be reviewed annually.

In response to comments made, the Section 151 Officer noted he would discuss with the Director (Strategy & Commissioning) about future reporting, as due to Transformation many processes were under review. At the end of discussion members requested a risk management update report be made to the next meeting of the Committee if possible.

**RESOLVED:** That the 2017/18 Annual Governance Statement be approved.

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## 19. External Audit - Audit Findings Report (Agenda Item 7)

Barrie Morris (Engagement Lead, Grant Thornton) presented the report as detailed in the agenda. He highlighted key headlines and drew attention to the audit adjustments detailed in appendix C.

David Johnson (Engagement Manager, Grant Thornton) summarised the Value for Money element of the report. He highlighted the overall conclusion and referred to the key findings.

There was no discussion or queries raised about the report. Members did however request that the minutes record the positive comments made by the external auditors about the team of SSDC Finance Specialists regarding their timely responses to requests for information, and that the finance element of SSDC business performing well.

The Section 151 Officer also wished it to be noted that he personally thanked the efforts of the team, both at SSDC and Grant Thornton. He acknowledged that staff were working within a different environment and to shorter timescales than in previous years.

**RESOLVED:** That the Audit Committee noted:

- the matters identified in the Audit Findings Report 2017/18.
- the draft audit findings as outlined in section two of the report.
- the opinion on the financial statements, opinion on other matters, and the conclusion regarding the arrangements for securing economy, efficiency and effectiveness in the

authority's use of resources, as stated in Appendix E of the report.

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## 20. Statement of Accounts 2017/18 (Agenda Item 8)

The Lead Specialist (Finance) introduced the report that presented the 2017/18 Statement of Accounts to Audit Committee for approval. She noted that the timeframes had been very tight and she conveyed her thanks to the team for their work. Key elements of the covering report were highlighted which included paragraphs 13, 24 and 32.

She informed members of some revised figures in the table at paragraph 43 of the draft Statement of Accounts due to the treatment of the Marlborough investment, and noted that whilst some of the figures had been amended the overall closing capital financing requirement remained unchanged. The revised figures reported were 14,807 should read 12,879; 18,854 should read 16,926; (8,265) should read (6,337); and (10,753) should read (8,825).

During a short discussion the Lead Specialist and Section 151 Officer responded to points of detail and provided a brief explanation regarding Business Rates Retention, and also information about SSDC liabilities associated with the SCC Pension Fund.

A vote was taken to note the external auditor's opinion, approved the 2017/18 Statement of Accounts and to authorise the Section 151 Officer and Audit Committee Chairman sign the Letter of Representation, which was carried unanimously.

**RESOLVED:** That the Audit Committee:

- Noted the external auditor's unqualified opinion on the financial statements.
- Approved the 2017/18 Statement of Accounts.
- Authorised the Section 151 Officer and Audit Committee Chairman to sign the letter of representation.

*(Voting: Unanimous)*

### **Post meeting note:**

*Following the meeting, and prior to publication of the Statement of Accounts, some minor errors were identified which were notified to all Audit Committee members. The errors were regarding two figures within the 'Narrative Report to the Statement of Accounts' – there were no errors on the primary statements in the accounts.*

*The Chairman of Audit Committee has authorised the following amendments:*

- *On page 9 of the agenda supplement (page 7 of the Statement of Accounts)*
  - *85,064 should read 84,936 (top table on the page)*
  - *19,924 should read 16,924 (bottom table on the page)*

*The errors and amendments have been notified to the external auditors who have agreed the amendments and have issued their opinion of the accounts.*

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## 21. Summary Statement of Accounts (Agenda Item 9)

The Lead Specialist (Finance) presented the report which summarised the Statement of Accounts and included headlines from the full statement.

During a brief discussion, some members felt the banner at the bottom of each page may be confusing. It was agreed with officers that the banner would be moved to the top of each page. Members were content to note the report.

**RESOLVED:** That the report and Summary Statement of Accounts be noted.

**Post meeting note:**

*Following the meeting, and prior to publication of the Summary Statement of Accounts, some minor errors were identified which were notified to all Audit Committee members. The Chairman of Audit Committee has authorised the following amendments:*

- *Top of page 24 of the agenda supplement (page 2 of the Summary Statement of Accounts):*
  - *£85.064 million should read £84.936 million*
- *Bottom of page 24 of the agenda supplement (page 2 of the Summary Statement of Accounts):*
  - *£85.064 million should read £84.936 million*
  - *£3.798 million should read £3.670 million.*
- *Top two tables of page 26 of the agenda supplement (page 4 of the Summary Statement of Accounts):*
  - *73,560 should read 74,327*
  - *24,850 should read 25,617*
  - *50,184 should read 49,610*
  - *54,944 should read 57,145*
  - *(86,471) should read (81,138)*
  - *18,657 should read 25,617.*

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## 22. Audit Committee Forward Plan (Agenda Item 10)

The Chairman reminded members that earlier on the agenda it had been agreed that a update report regarding risk management be added to the Forward Plan, for October if possible.

**RESOLVED:** That the Audit Committee Forward Plan be noted, including the addition of the following report:

- Risk Management Update – October TBC

Chairman