

**South Somerset District Council**

**Draft Minutes** of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday 22<sup>nd</sup> September 2011**.

(10.00am – 10.50am)

**Present:**

**Members:** Derek Yeomans (in the Chair)

|              |                 |
|--------------|-----------------|
| John Calvert | Roy Mills       |
| John Dyke    | John Richardson |
| Marcus Fysh  | Colin Winder    |
| Tony Lock    |                 |

**Also Present:**

Tim Carroll

**Officers:**

|               |   |
|---------------|---|
| Donna Parham  | Assistant Director (Finance and Corporate Services) |
| Ian Clarke    | Assistant Director (Legal and Corporate Services)   |
| Amanda Card   | Finance Manager                                     |
| Andrew Ellins | Audit Manager, South West Audit Partnership         |
| Brian Bethell | District Auditor, Audit Commission                  |
| Peter Lappin  | Audit Manager, Audit Commission                     |

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

The minutes of the meeting held on 25<sup>th</sup> August 2011, 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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**33. Apologies for Absence (Agenda Item 2)**

An apology for absence was received from Councillor Ian Martin.

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

There were no declarations of interest.

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**35. Public Question Time (Agenda Item 4)**

No questions or comments were raised by members of the public.

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### 36. Register of Staff Interests – Audit Action Plan (Agenda Item 5)

The Assistant Director (Legal and Corporate Services) introduced the report, advising that although no significant issues had been identified during the internal audit review of staff interests in Council business, there were three proposed actions which were in the process of being implemented, as detailed in the agenda report.

In response to questions from Members, the Assistant Director (Legal and Corporate Services) confirmed that:-

- A staff register of interests would not be a public document as it was not a statutory requirement.
- The expected declarations would be an employee being a member of a Parish Council, a member of a club applying for planning permission or related to an SSDC Contractor or Councillor.

During discussion, one Member questioned whether an annual review was sufficient and felt that a more frequent review by the Monitoring Officer was preferable. However, Members noted that the onus of declaration was on the individual employee and the majority of staff were not involved in the decision making process of the Council. It was therefore felt that an annual review with twice yearly reminders to all staff was sufficient.

The Finance Manager noted that all senior staff were already required to make an annual declaration of any interest they had in Council business.

At the conclusion of the debate, Members were content to note the action proposed in the officer's report.

**RESOLVED:** That the action being proposed as set out in the appendix to the report be noted and that a further progress report is made to the November meeting of the Audit Committee.

*(Ian Clarke, Assistant Director (Legal and Corporate Services) – 01935 462184)*  
*(ian.clarke@southsomerset.gov.uk)*

### 37. 2010/11 Annual Governance Report (Agenda Item 6)

Mr Peter Lappin, Audit Manager for the Audit Commission, introduced the Annual Governance Report for SSDC. He advised that the report was the summary of their key findings from the 2010/11 audit of the Council, prior to issuing the final opinions and certificate, as required in legislation. He drew Members attention to several points within the report, including the two uncorrected errors, for which the Assistant Director (Finance and Corporate Services) had written a letter of representation confirming they were not material to the financial statements and the time spent to correct them would be disproportionate to their benefit to the final report.

The Assistant Director (Finance and Corporate Services) asked for Members agreement to sign the representation letter on behalf of SSDC and Members were in agreement with this.

In response to questions from Members, Mr Brian Bethell, District Auditor for the Audit Commission, confirmed that:-

- Any transactions or information which impacted upon the post-balance sheet would be recorded.
- The financial year had been difficult as all Councils had had to implement the new International Financial Reporting Standards (IFRS), however, SSDC's implementation of the standards had been exceptionally well done.

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

The Chairman thanked the Audit Manager and the District Auditor of the Audit Commission for attending and providing an informative explanation of the 2010/11 Annual Governance Report.

- RESOLVED:**
- (1) That the matters raised in the Annual Governance Report for 2010/11 be noted;
  - (2) That the draft Auditor's report as outlined in Appendix 1 and amendments made to the Statement of Accounts in Appendix 2 be noted;
  - (3) That the Auditor's report as outlined in Appendix 3 be noted and management's decision not to adjust the financial statements be supported;
  - (4) That it be noted that the Value for Money criteria had been met;
  - (5) That the recommended action in Appendix 5 be agreed and noted that it had been actioned;
  - (6) That the Committee approved the Assistant Director (Finance and Corporate Services) signing the representation letter outlined on pages 35-36 on behalf of SSDC.

*(Donna Parham, Assistant Director (Finance and Corporate Services) – 01935 462225  
(donna.parham@southsomerset.gov.uk)*

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### **38. 2010/11 Annual Statement of Accounts (Agenda Item 7)**

The Finance Manager advised that the Annual Statement of Accounts had been prepared following the new International Financial Reporting Standards (IFRS).

Members noted the change from linking future pension payments from the Retail Price Index to the Consumer Price Index had reduced the Council's share of the pension deficit by £10 million. However, members expressed concern at the remaining long term liabilities in the pension scheme. The Assistant Director (Finance and Corporate Services) agreed to circulate a copy of the SSDC Pension Fund Statements, detailing the investments of the fund, to members of the Audit Committee.

Having examined the document and commented on the information presented, the 2010/11 Annual Statement of Accounts was approved by the Committee by the Chairman signing and dating the balance sheet.

- RESOLVED:**
- (1) That the 2010/11 Statement of Accounts be approved;
  - (2) That the unqualified opinion on the financial statements be noted.

*(Amanda Card, Finance Manager – 01935 462542)  
(amanda.card@southsomerset.gov.uk)*

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### 39. Summary Statement of Accounts (Agenda Item 8)

The Finance Manager advised that the Summary Statement of Accounts leaflet, when confirmed, would be available on the SSDC website and in the Council's public offices. There was no longer a requirement to circulate it to all households within the district, as it had been for the previous five years. Additionally, the document had been produced in-house this time, saving on the cost of using an external print company. She asked for the Committee's comments on the layout and content.

Members reviewed the Summary of Accounts document and suggested that the following amendments be made:-

- Page 2 – where the money goes: clarify that the SSDC budget is £17million and not £96million
- Page 4 – Council Tax facts and figures: point out that SSDC has no control over the precepts for the Police and Fire Services
- Page 4 – What are we worth: Usable and Unusable reserves should be more clearly defined.

The Chairman thanked the Finance Manager for the production of a clear and concise leaflet and confirmed its publication with the amendments mentioned above.

**RESOLVED:** That the 2010/11 Summary of Accounts be approved for publication, subject to the following amendments and clarification:

- Page 2 – Where the money goes: clarify that the SSDC budget is £17million and not £96million
- Page 4 – Council Tax facts and figures: point out that SSDC has no control over the precepts for the Police and Fire Services
- Page 4 – What are we worth: Usable and Unusable reserves should be more clearly defined.

*(Amanda Card, Finance Manager – 01935 462542)*  
*(amanda.card@southsomerset.gov.uk)*

### 40. Date of Next Meeting (Agenda Item 9)

Members noted that the next meeting would be held on Thursday 27<sup>th</sup> October 2011 at 10.00 a.m. in Committee Rooms 3/4, Council Offices, Brympton Way, Yeovil.

**NOTED.**

*(Andrew Blackburn, Committee Administrator – 01460 260441)*  
*(andrew.blackburn@southsomerset.gov.uk)*

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 Chairman