

MEETING AC.05 12:13
DATE 27 September 12

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, 27 September 2012.**

(10.00 a.m. – 10.57 a.m.)

Present:

Members:

Derek Yeomans	Chairman
John Calvert	Terry Mounter
John Dyke	John Richardson
Ian Martin	Colin Winder
Roy Mills	

Also Present:

Peter Lappin	Audit Commission - Audit Manager
David Norris	SSDC Councillor

Officers:

Karen Horley	Systems Support and VAT Officer
Amanda Card	Finance Manager
Donna Parham	Assistant Director Finance & Corporate Services
Karen Gubbins	Principal Accountant - Exchequer
Anne Herridge	Committee Administrator

34. Minutes (Agenda item 1)

The minutes of the meeting held on the 23 August 2012, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

35. Apologies for Absence (Agenda item 2)

An apology for absence was received from Cllr Tony Lock

36. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

37. Public Question Time (Agenda item 4)

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

38. 2011/12 Annual Governance Report (Agenda Item 5)

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 2011/12 audit of the Council, prior to issuing the final opinions and certificate, as required in legislation. However he pointed out that the completed action plan had not been included within the agenda report, but it had now been published on the SSDC web site. He handed members a copy of the completed action plan.

Peter Lappin referred members to:

- Page 5 of the agenda report headed – Key messages - to the third bullet point, and confirmed that assurance from the auditors of Yarlinton regarding right to buy sales had now been received;
- The non-trivial item of £21k, where SSDC had not capitalised the purchase of a wood chipper. The officers' explanation of this had been taken on board and accepted. In response to a question he explained that the 'trivial element' referred to any amount above £18k;
- Appendix 5 – Action Plan - had now been updated, completed and agreed. The new document was now on the SSDC website with the following recommendations:
 - Recommendation 1 – Processes were now in place to receive written assurances from Yarlinton's external auditors on a yearly basis although there would be variances due to the nature of the sales of former council dwellings;
 - Recommendation 2 - A review will take place to investigate a more appropriate method of calculation of the impairment of debtors. A provision of debt has to be calculated; identified estimates tightened up by past performance. The age profile of the debt and the amount collected should be reviewed;
 - Recommendation 3 - A review will take place to investigate a more appropriate method of calculation of default percentage of customer debts.

In response to several questions from members, Peter Lappin and the Assistant Director – Finance and Corporate Services replied that:

- It would be the responsibility of SSDC to set the expected level of default of debts within the Council Tax Reduction Scheme;
- Benefit overpayments were often caused by the delay of claimants notifying a change in circumstances, and occasionally due to administration error. Older debts were often repaid over a longer period of time due to the claimants' low income, other claimants were hard to trace due to frequent moves;
- SSDC will need to ensure that if the Council tax Reduction Scheme is approved that residents who have never paid council tax before and may now be billed should be given as much notice as possible to begin their instalment/payment plan;
- Officers were already looking at the collection fund to what reasonable amount was expected to be collected, SSDC's exposure to each £1 of bad debt would be about 10p, the majority of the balance would fall to Somerset County Council as the biggest preceptor.

Peter Lappin was thanked for the report and the work he had carried out.

The Assistant Director Finance & Corporate Services apologised for not including the final version of the statement in the agenda and would ensure a paper copy was included with the minutes of this meeting.

RESOLVED:

1. That the matters raised in the Annual Governance report for 2011/12 be noted;
2. That the representation letter outlined in Appendix 3 be signed by the Assistant Director – Finance and Corporate Services on behalf of SSDC;
3. That the draft Auditor's report as outlined in Appendix 1 and one uncorrected error within the Statement of Accounts in Appendix 2 be noted.
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.

Lead Officer: Donna Parham Finance and Corporate Services
Contact Details: donna.parham@southsomerset.gov.uk or (01935) 462225

39. 2011/12 Annual Statement of Accounts (Agenda Item 6)

The Finance Manager summarised the report as detailed in the agenda. She highlighted a new key feature that related to Heritage Assets as there was now a requirement to disclose Heritage Assets separately on the Balance Sheet where valuations were known, the Council's Heritage Assets were predominately the museum stock that is held at the Community Heritage Access Centre.

During discussion, members expressed concern about the effect of pensions on the balance sheet, they appreciated that the issue was nationwide and although members needed to be made aware of what changes and decisions were made, they understood there was not a lot they could do to influence any issues.

The Finance Manager explained the report was based on assumptions, next year a tri-annual report would be produced which should be more precise; the previous years change from the use of RPI to CPI had made quite a difference to the calculation of inflation. A revised Local Government Pension scheme would be implemented in 2014. It was suggested that a Somerset County Council officer should be invited to give members a training/information session about the future and the monitoring of the pension scheme. This would be arranged before the start of a future Audit Committee meeting.

The chairman commended the very competent Finance team and Peter Lappin of the Audit Commission, he was confident that they were doing all they could to mitigate any unforeseen risk to the pension fund.

Having examined the document and commented on the information presented, the 2011/12 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.
3. That the Assistant Director (Finance and Corporate Services) be authorised to sign the Letter or Representation.

Lead Officer: Amanda Card Finance Manager
Contact Details: amanda.card@southsomerset.gov.uk or (01935) 462542

40. Summary Statements of Accounts (Agenda Item 7)

The Finance Manager drew members attention to the simplified 4 page document titled the Summary of Accounts which was published on the SSDC website and placed in public libraries and area offices; it was no longer posted out to every household but was available on request. She asked members to note the typo on page 37 of the report, under Council Tax facts and figures: Collection of Council Tax in year 2011/12 should read 97.82% and not 95.59% as printed.

The chairman thanked the officer for the easy to read, clearly written and understandable document of the Council's Summary of Accounts.

RESOLVED:

That the 2011/12 Summary of Accounts be approved for publication.

Lead Officer: Amanda Card Finance Manager
Contact Details: amanda.card@southsomerset.gov.uk or (01935) 462542

41. Debt Recovery Policy (Agenda item 8)

The Principal Accountant presented the report as detailed in the agenda; she explained that debt recovery had to be made a priority by all managers/officers, in order to reduce the level of debt to the authority. The policy had been put together in consultation with the highest system users and services with the most debt in order to ensure the policy was workable from the outset. At this stage the policy was still awaiting to be equality checked.

In response to several questions from members, the Assistant Director – Finance and Corporate Services replied that:

- SSDC did not keep a register of bad debtors due to data protection implications;
- The debt collectors/bailiffs used by the authority had to adhere to strict guidelines;
- There are records kept of the programme of bailiff visits which helped with the monitoring of their service;
- The majority of the Authorities' debts particularly Council tax arrears were only sent to the bailiff after other avenues had been explored;
- Once the council tax reduction scheme was in force, (if approved) there would be a hardship fund set up for those struggling to pay council tax for the first time;

- Notifications regarding benefit and council tax claims are written using Government format and instructions, and have to be written in a certain way but we feel that they have recently been made clearer;
- There will be clear guidance and process notes for officers to follow;
- A resume of the recovery process for all debt within the authority will be given to members in order for them to be able to answer pertinent questions from their constituents.

Members were content to support the Debt Recovery Policy.

RESOLVED:

That the Debt Recovery Policy be supported by the Audit Committee;

That the Debt Recovery Policy be recommended to District Executive.

Lead Officer: Karen Gubbins Principal Accountant - Exchequer
Contact Details: karen.gubbins@southsomerset.gov.uk or (01935) 462456

42. Audit Forward Plan (Agenda Item 9)

It was hoped to organise a members a training/information session about the future and monitoring of the Local Government pension scheme. It was hoped to arrange this before the start of a future Audit Committee meeting yet to be arranged.

RESOLVED: that the proposed Audit Committee Forward Plan be noted.

Lead Officer: Anne Herridge, Committee Administrator
Contact Details: anne.herridge@southsomerset.gov.uk or (01935) 462570

43. Date of the Next Meeting (Agenda Item 10)

Members noted that the next meeting of the Committee would be held on Thursday, 25 October 2012 at 10.00 a.m. in the Council Chamber, Council Offices, Brympton Way, Yeovil.

NOTED

Anne Herridge, Committee Administrator
anne.herridge@southsomerset.gov.uk or (01935) 462570

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 Chairman