

MEETING: AC.05 13:14  
DATE: 26.09.2013

## **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 26<sup>th</sup> September 2013**

(10.00 a.m. – 11.05 a.m.)

**Present:**

**Members:**

Derek Yeomans (Chairman)  
John Calvert  
Tony Lock  
Ian Martin  
Roy Mills

Terry Mounter  
David Norris  
John Richardson  
Colin Winder

**Officers:**

Donna Parham  
Amanda Card  
Sophie Marsh  
Peter Lappin  
Jo Morris

Assistant Director (Finance & Corporate Services)  
Finance Manager  
Finance Intern  
Audit Manager, Grant Thornton  
Democratic Services Officer

**Also Present:**

Andrew Ellins

Audit Manager, South West Audit Partnership

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

The minutes of the meeting held on the 22<sup>nd</sup> August 2013, 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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**31. Apologies for Absence (Agenda item 2)**

There were no apologies for absence.

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**32. Declarations of Interest (Agenda item 3)**

There were no declarations of interest.

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**33. Public Question Time (Agenda item 4)**

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

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### 34. 2012/13 Audit Findings Report (Agenda Item 5)

Mr Peter Lappin, Audit Manager, Grant Thornton introduced the 2012/13 Audit Findings Report which highlighted the key matters arising from the audit of the District Council's financial statements for the year ended 31<sup>st</sup> March 2013.

He drew members' attention to the following points:

- Work was still to be completed on the NNDR3 return and the schedule of write offs;
- The report gave an unqualified opinion on the financial statements for 2012/13;
- The accounts were produced to a good standard and the audit had been undertaken with lots of co-operation from the Finance Team;
- The report outlined one significant adjustment to the balance sheet which related to a reduction in creditors and cash at the bank. It was noted that this had now been actioned;
- The accounts showed a significant increase in leased assets due to Wincanton Leisure Centre now appearing on the balance sheet. This reflected that risk and rewards of running the building were now the responsibility of SSDC;
- There was one unadjusted misstatement relating to the fair value of investment in Lufton 2000 in the Council's balance sheet, which will be amended in the financial statements in 2013/14;
- Reference was made to the unqualified Value for Money conclusion;
- Appendix A to the report outlined an Action Plan for improvement which included some actions for IT.

In response to a question, the Audit Manager, Grant Thornton explained that the Council had been recommended to look at revising its method of calculating the provision for bad debt. The Assistant Director (Finance & Corporate Services) briefly outlined the procedure for debt collection and write offs and explained that most effort was put into recovering new debt. It was noted that an update on Debt Management was due to be considered by the Audit Committee at its October meeting.

Members were content to approve the recommendations outlined in the report.

- RESOLVED:**
- (1) that the report be noted;
  - (2) that the representation letter on behalf of SSDC be signed by the Assistant Director – Finance and Corporate Services;
  - (3) that the draft audit findings as outlined in Section 2 of Appendix 1 and the one adjusted error, one unadjusted error and amended disclosure within the Statement of Accounts be noted;
  - (4) that the Audit Committee note the Value for Money criteria has been met;
  - (5) that the Audit Committee note that no additional fees will be charged;
  - (6) that the Audit Committee agree the recommended actions in Appendix A and note that it has been actioned.

*Lead Officer: Donna Parham, Assistant Director - Finance Corporate Services*  
*Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225*

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### 35. 2012/13 Annual Statement of Accounts (Agenda Item 6)

The Finance Manager presented the 2012/13 Annual Statement of accounts for approval by the Audit Committee. She commented that all the correct policies and

procedures had been followed and that she was very pleased with the unqualified opinion.

In response to a question, the Finance Manager informed members that there were very strict regimes in place for the monitoring of S106 contributions and that further information was available from the S106 Monitoring Officer. The accounts only recognised the contributions received.

During discussion, Members requested an item to be added to the Forward Plan to be considered within the next couple of months regarding the process in relation to the variation or discharge of S106 monies.

Having examined the document and commented on the information presented, the 2012/13 Annual Statement of Accounts was approved by the Committee by the Chairman signing and dating the balance sheet.

**RESOLVED:** (1) that the 2012/13 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 of 01935 462542*

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### **36. Summary Statement of Accounts (Agenda Item 7)**

The Finance Manager advised that it was no longer a requirement for the Summary Statement of Accounts document to be circulated to all households in the District. It would be available on the SSDC website and in the Council's public offices.

The Chairman commented that the Summary Statement of Accounts was a simple, clear and easy to read document covering most aspects of the Council's 2012/13 Statement of Accounts.

The Chairman was joined by members of the Committee in expressing their thanks and appreciation to the Finance Team and Peter Lappin for all their hard work in preparing the Statement of Accounts and carrying out the Audit.

**RESOLVED:** that the 2012/13 Summary of Accounts be approved for publication.

*Lead Officer: Amanda Card, Finance Manager*  
*Contact Details: amanda.card@southsomerset.gov.uk of 01935 462542*

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### **37. Review of the Council's Arrangements for Securing Financial Resilience for South Somerset District Council (Agenda Item 8)**

Mr Peter Lappin, Audit Manager, Grant Thornton presented the contents of the Review of the Council's Arrangements for Securing Financial Resilience for SSDC for the 2012/13 financial year. He referred members to page 4 of the report and noted that the Council had to date managed its finances effectively with the current arrangements for achieving financial resilience being assessed as adequate. He referred members to the Executive Summary on page 6 of the report and highlighted the following points:

- All four areas (Key Indicators of Performance, Strategic Financial Planning, Financial Governance and Financial Control) had achieved a green rating demonstrating that good arrangements were in place;
- The Council had a high working capital ratio with high short term investments;
- Working capital had increased as the Council has moved to short-term investments;
- The Council had achieved significant underspends;
- When the original budget was set the Council had provided a more accurate forecast than the revised budget;
- The Council's financial resilience was very good;
- The Council had a relatively high level of useable reserves and a relatively healthy revenue balance.

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

- The revised budget was different compared to the original budget as Managers tended to be over cautious and were likely to predict a more conservative forecast;
- It was recognised that further work needed to be carried out with Managers in order to achieve more accurate budget monitoring. It was noted that quarterly budget monitoring reports were considered by District Executive and that Management Board were updated on a monthly basis;
- There had been a higher level of long term sickness in 2012/13. To date it was looking as though the trend would reverse. It was noted that sickness figures were monitored by the Scrutiny Committee;
- With reference to the Assurance framework/risk management being assessed as amber, members were reminded that alterations would be coming forward to deal with the identified problem areas and that a Risk management Update report was due to be presented to members in November.

Members were content to note the contents of the Review of the Council's Arrangements for Securing Financial Resilience for SSDC.

**RESOLVED:** that the contents of the Review of the Council's Arrangements for Securing Financial Resilience for SSDC be noted.

*Lead Officer: Mark Williams, Chief Executive*  
*Contact Details: mwilliams@southsomerset.gov.uk 01935 462101*

### 38. Grant Certification Work Plan for SSDC (Agenda Item 9)

Mr Peter Lappin, Audit Manager, Grant Thornton introduced the report and advised that work on the National Non-Domestic Rates (NNDR) Return was nearly complete and that the claim for Housing and Council Tax Benefit Scheme had to be completed by the end of November.

It was noted that a report would be submitted to the January Audit Committee meeting detailing the outcomes of the certification.

Members were content to note the contents of the Grant Certification Work Plan for 2012/13 grant claims.

**RESOLVED:** that the contents of the Grant Certification Work Plan for 2012/13 grant claims be noted.

*Lead Officer: Donna Parham, Assistant Director - Finance Corporate Services*  
*Contact donna.parham@southsomerset.gov.uk or 01935 462225*  
*Details:*

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### **39. Treasury Management Performance to June 2013 (Agenda Item 10)**

The Finance Manager summarised the report as detailed in the agenda and advised Members that current estimates were predicting income to be on budget.

Members were content to note the report.

- RESOLVED:** (1) that the Treasury Management Activity for the three-month period ended 30th June 2013 be noted; and  
 (2) that the position of the individual prudential indicators for the three-month period ended 30th June 2013 be noted.

*Lead Officer: Stephen Meers, Interim Accountant*  
*Contact Details: stephen.Meers@southsomerset.gov.uk or 01935 462612*

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### **40. Treasury Management Practices (Agenda Item 11)**

The Finance Manager summarised the agenda report and asked the Committee to approve the Treasury Management Practices and Treasury Management Policy, copies of which were attached to the agenda. It was noted that all new elements were highlighted in yellow.

Having considered the documents, the Committee indicated that it was content to approve the Treasury Management Policy and Practices.

- RESOLVED:** (1) that the attached Treasury Management Policy (Appendix 1) be approved; and  
 (2) that the attached Treasury Management Practices (Appendix 2) be approved.

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

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### **41. Audit Committee Forward Plan (Agenda Item 12)**

Reference was made to the agenda report, which informed members of the proposed Audit Committee Forward Plan.

As mentioned earlier in the meeting, Members requested a report to come forward to the Audit Committee within the next couple of months regarding the process in relation to the discharge of S106 monies.

- RESOLVED:** that the Audit Committee Forward Plan be noted as attached at Appendix A subject to the above amendment being taken into account.

*Lead Officer: Anne Herridge, Committee Administrator*  
*Contact Details: anne.herridge@southsomerset.gov.uk or (01935462570)*

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**42. Date of the Next Meeting (Agenda Item 13)**

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 24<sup>th</sup> October 2013 at 10.00 a.m. in the Main Committee Room Council Offices, Brympton Way, Yeovil.

*Lead Officer:* Anne Herridge, Committee Administrator  
*Contact Details:* [anne.herridge@southsomerset.gov.uk](mailto:anne.herridge@southsomerset.gov.uk) or (01935462570)

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Chairman