

MEETING: AC.10M 13:14  
DATE: 27.02.14

## **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 February 2014**.

(10.00 a.m. – 10.27 a.m.)

**Present:**

**Members:**

Derek Yeomans (Chairman)	Ian Martin
John Calvert	Roy Mills
John Dyke	Terry Mounter from 10.05 a.m.
Tony Lock	Colin Winder

**Officers:**

Donna Parham	Assistant Director (Finance & Corporate Services)
Anne Herridge	Democratic Services Officer
Karen Gubbins	Principal Accountant - Exchequer

**Also Present:**

Andrew Ellins	SWAP Audit Manager
Tim Carroll	SDDC

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

The minutes of the meeting held on the 23 January 2014, 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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**73. Apologies for Absence (Agenda item 2)**

Apologies for absence were received from Cllrs John Richardson and David Norris.

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

There were no declarations of interest.

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

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

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## 76. Treasury Management Performance to December 2013 (Agenda Item 5)

The Principal Accountant – Exchequer presented the report which reviewed the treasury management performance and activity for the period ending 31<sup>st</sup> December 2013. The officer confirmed that the Council was on target to meet the annual budget, with an estimated overall favourable variance, at the end of the financial year, of about £54,700. With reference to the benchmarking graph as detailed in the agenda, the officer confirmed that the Council was in a good position compared to other Arlingclose clients.

In response to questions, the Principal Accountant – Exchequer replied that:

- If Scotland voted 'yes' to independence there would not be an issue with RBS investment accounts as SSDC only used them for overnight investments;
- Investments (approved by Arlingclose) were placed with a range of investment counterparties in order to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return;
- Security of capital has remained the Council's main investment objective, new investments can be made in other Local Authorities however the Council has stopped investing in Scottish Authorities.

The chairman thanked the officer for a comprehensive report and a successful treasury management performance.

Members were content to note the Treasury Management Activity and the position of the individual prudential indicators for the nine-month period ended 31st December 2013

### **RESOLVED:**

#### **That:**

- **The Treasury Management Activity for the nine-month period ended 31st December 2013 be noted;**
- **The position of the individual prudential indicators for the nine-month period ended 31st December 2013 be noted.**

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

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## 77. Treasury Management Strategy Statement and Investment Strategy (Agenda Item 6)

The Principal Accountant – Exchequer presented the report as detailed in the agenda. The Audit Committee had been tasked with the scrutiny of treasury management and were asked to recommend to full Council the Treasury Management Strategy Statement and Investment Strategy for 2014/15.

The proposed strategy for 2014/15 takes into account the Council's current treasury position and the approved Prudential Indicators and draws upon the forecasts for interest rates provided by the Council's treasury advisers.

The chairman considered the report to be good and was pleased to note the well-controlled and sensible strategy.

In response to a query that perhaps some of the money invested could be returned to council tax payers, the Assistant Director (Finance & Corporate Services) explained that the Council did have a considerable sum invested in investments but the majority of funds are classified as capital and can only be spent on capital schemes. Revenue amounts repaid to the 72,000 properties within SSDC would be negligible.

Cllr Tim Carroll felt that in the current climate the current Investment Strategy was acceptable. It was necessary to look to the future however the current use of Reserves was prudent for the moment.

Members were content that the Treasury Management Strategy Statement and Investment Strategy for 2014/15 be recommended to Full Council.

**RESOLVED:**

**That the Treasury Management Strategy Statement and Investment Strategy for 2014/15 be recommended to Full Council.**

*Lead Officer:* Karen Gubbins, Principal Accountant – Exchequer  
*Contact Details:* donna.parham@southsomerset.gov.uk or (01935) 462225

**78. 2013/14 SWAP Internal Audit Quarter 3 Update Report (Agenda Item 7)**

The Audit Manager – SWAP – presented the report as detailed in full in the agenda and asked members to note that there had only been one operational audit planned and completed and that was for Payroll which was given Substantial Assurance - the highest level of assurance.

Several Quarter 4 audits were currently being administered and should be completed by April 2014.

Reference was made to the Governance, Fraud and Corruption Audits and as SSDC had no unofficial voluntary funds, a new type of report would be required. The Social Networking Audit was in progress and should be satisfactory; the Business Rates Audit was in progress but was a complex technical area, as was the Bailiffs area.

Members took note of the number of audits in progress, although it looked as though there were a lot, a number of them were only short audits. The update to the Audit Committee in June 2014 would give a clearer picture.

The Assistant Director (Finance & Corporate Services) explained that the Cash Receipting Audit and Bank Reconciliation Audit had been moved to 2014/15 and replaced with an audit that Committee had asked for on S106 Obligations and the discharge of planning obligations. A report on that audit would be presented to Audit Committee members at the next committee meeting in March 2014.

The Audit Manager – SWAP confirmed that in his opinion the process with regard to the discharge of planning obligations appeared sound and transparent.

The chairman confirmed that a full and detailed report on the issue was required at the next Audit Committee meeting.

Members were content to note the progress.

**RESOLVED:**

**That the progress made be noted.**

*Lead Officer: Andrew Ellins, Audit Manager*  
*Contact Details: andrew.ellins@southwestaudit.co.uk*

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**79. Internal Audit Charter Annual Review (Agenda Item 8)**

The Audit Manager – SWAP – confirmed that the Internal Audit Charter remained exactly the same as approved by Committee in August last year.

Audit Committee members were content to agree to the Charter in advance of the forthcoming financial year.

**RESOLVED:**

**That the Revised Charter be agreed.**

*Lead Officer: Andrew Ellins, Audit Manager*  
*Contact Details: andrew.ellins@southwestaudit.co.uk*

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**80. Audit Committee Forward Plan (Agenda Item 10)**

Reference was made to the agenda report, which informed members of the proposed Audit Committee Forward Plan. The Assistant Director (Finance & Corporate Services) suggested that as there appeared to be a number of reports for the agenda for the meeting in March and bearing in mind the requested report on the Discharge of Planning Obligations there was capacity to rearrange the order of some reports if necessary.

**RESOLVED:**

**that the Audit Committee Forward Plan be noted as attached at Appendix A.**

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

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**81. Date of the Next Meeting (Agenda Item 11)**

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 27<sup>th</sup> March 2014 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 or (01935) 462570*

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Chairman