

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the **Council Chamber, Council Offices, Brympton Way, Yeovil on Thursday 22 September 2022.**

(10.00 am - 11.45 am)

Present:

Members: Councillor Mike Hewitson (Chairman)

Mike Best
Brian Hamilton
Tim Kerley

Tony Lock
Colin Winder
Derek Yeomans (IM)



Officers:

Jane Portman
Karen Watling
Jill Byron

Paul Matravers
Michelle Mainwaring
Becky Sanders

Chief Executive
Chief Finance Officer – online via Zoom
Monitoring Officer
Lead Specialist (Finance)
Case Officer (Strategy & Support Services)
Case Officer (Strategy & Support Services)

Also Present:

Beth Garner
David Owen
Paul Ashton
Jason Dobson

Grant Thornton – online via Zoom
SSDC Opium Power
SSDC Opium Power
SSDC Opium Power

43. Apologies for absence (Agenda Item 1)

Apologies for absence were received from Councillors Dave Bulmer, Robin Bastable, Andy Kendall and Paul Maxwell.

44. Declarations of Interest (Agenda Item 2)

There were no declarations of interest.

45. Public question time (Agenda Item 3)

There were no members of the public present.

46. Date of next meeting (Agenda Item 4)

Members noted the date of the next meeting was scheduled for Thursday 24th November 2022.

47. 2021/22 unaudited Statement of Accounts (Agenda Item 5)

The Lead Specialist Finance introduced the unaudited statement of accounts for 2021/22. He explained how the draft statements were subject to change as the accounts for 2020/21 were not yet finalised and would have an impact on the 2021/22 accounts. He proceeded to highlight key points and figures in the report.

One member asked for clarification of the CEO budget and how it operates and the Lead Specialist, Finance reassured him that he would provide this as a written response.

He thanked all the officers that had worked hard to produce the accounts.

There were no other questions, and the chairman thanked The Lead Specialist, Finance.

RESOLVED: That Audit Committee:

- a) Reviewed the draft statement of accounts.
- b) Noted that it is anticipated that the audited statement of accounts, along with the external auditor's opinion on them, will be present to its meeting on 26th January 2023.
- c) Noted that the figures included in the 2021/22 unaudited statement of accounts are subject to change due to the audit of the 2020/21 statements not being concluded.

48. 2021/22 Draft Annual Governance Statement (Agenda Item 6)

The Monitoring Officer presented the draft Annual Governance Statement (AGS) for 2021/22 that gave an overview of the governance arrangements. She clarified that the AGS covered the whistleblowing investigation and explained what changes had been put in place throughout the year. The statutory recommendation made by the external auditors in their audit finding report for 2020/21 would be added to the 2020/21 AGS as it related to that year.

There were no questions from members, and it was proposed and seconded to approve the draft AGS. On being put to the vote this was approved unanimously.

RESOLVED That Audit Committee approves the draft 2021-22 Annual Governance Statement

Reason This report has been prepared for the Audit Committee to approve the Annual Governance Statement (AGS) for 2021-22.

(Voting: Unanimous)

49. **Informing the Audit Risk Assessment for the 2021/22 external audit (Agenda Item 7)**

The Chief Finance Officer presented the report and members were asked to assess whether the responses in the report were consistent with their knowledge of the organisation and if there were any other comments to make.

One member raised a question about the checking and monitoring of consultants, which was noted.

There were no further comments and members noted the report.

RESOLVED That Audit Committee noted the information provided to Grant Thornton LLP to inform their risk assessment in advance of the 2021/22 audit, and considers whether the responses are consistent with its understanding and whether there are any further comments it wishes to make.

50. **2022/23 Q2: Internal Audit Progress Report (Agenda Item 8)**

The Principal Auditor, SWAP introduce the internal audit report that provided members with an update on the 2022/23 audit plan. Of the reviews already completed, there were no limited or no assurances to report. He highlighted changes to the plan that now included grant certification work which would likely require urgent sign off. All work plans had now started, and the report showed the work that was ongoing to support the new authority.

The chair asked that an earlier question from a member relating to assurances on consultants was taken away by the auditor.

In response to questions, the Principal Auditor SWAP gave some of the following responses:

- Relating to Civil Emergencies work, the scope would be to look at the responses to covid and lessons learnt but would check and confirm the audit objective to members.
- The completed work areas were mainly grant work so would not usually result in audit recommendations being issued. There were no actions for management in relation to the restart grants at this time.
- Assurance work was ongoing with payroll at Somerset County Council and so to avoid duplication of work the scope of this work was being determined before any audit work commenced at SSDC.

At the end of discussion members noted the report.

RESOLVED 1. Members noted progress made in delivery of the 2022/23 internal audit plan and the significant findings since the previous update.

51. Risk Management Update Q2 2022/23 (Agenda Item 9)

The Monitoring Officer presented the report on behalf of the Risk Specialist that gave an update on risk management. Update reports were kept under regular review by the Senior Leadership Team and regular reports were now being brought to audit members.

The Chair advised members to email the Risk Specialist if there were any questions relating to the report and members noted the report.

RESOLVED Audit committee noted the SSDC Strategic & Corporate Risk profile as at 8th September 2022.

52. 2020/21 Housing Benefits Certificate of Claims Report - WITHDRAWN (Agenda Item 10)

This item was withdrawn from the agenda and would be considered at a future meeting.

53. Audit Committee Forward Plan (Agenda Item 11)

The Chairman asked that future Audit meetings did not clash with Somerset County Council Audit meetings.

RESOLVED That the audit forward plan be noted with the amendment to move any future meetings that clashed with SCC Audit Committee.

54. Report on SSDC Opium Power Ltd (Agenda Item 12)

The Chief Executive introduced the report and three of the directors from SSDC Opium Power were in attendance and introduced themselves to members. The Chief Executive then continued with a PowerPoint presentation that gave an overview of the joint venture investment, how the Battery Energy Storage made a return and how the investment was approved and assessed by the council.

The Directors of Opium Power and senior management officers responded to questions from members and some of their responses included:

- The management fee on Fideoak was payable for 5 years, and the fee on Fareham payable indefinitely.
- Explained the wholesale trading process and the different contracts held.
- The batteries used were lithium phosphate and batteries can be deconstructed and chemicals cleaned to be reused again. There will be battery recycling plants built in the future.
- For fire safety, a fire hydrant was being installed at Fareham and there was a strict minimum distance required between each container on site.
- Explained the lifecycle of the batteries, how they work out when they need to be replaced and what happens to them before recycling.
- Clarified reasons for not currently having any further investments in the joint venture.
- The company will become a Somerset Council company. The SSDC casting vote will transfer over to the Somerset Council.

- Somerset Council will determine their commercial strategy and will have to be mindful of the prudential code restricting investments purely for yield.
- Provided further information of paying back loans in the future using dividends.

At the end of discussions, The Chairman thanked the directors for attending the meeting, and members noted the contents of the report.

RESOLVED The Audit Committee noted the contents of this financial update paper.

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Chairman