

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the **Council Chamber, Council Offices, Brympton Way, Yeovil on Thursday 15 December 2022.**

(2.30 pm - 3.30 pm)

Present:

Members: Councillor Mike Hewitson (Chairman)

Dave Bulmer
Brian Hamilton
Andy Kendall

Tim Kerley
Tony Lock
Martin Wale



Officers

Jane Portman
Jill Byron
Karen Watling
Paul Matravers
Barrie Morris
Beth Bowers
Angela Cox
Becky Sanders

Chief Executive
District Solicitor & Monitoring Officer
Chief Finance Officer (via Zoom)
Lead Specialist (Finance)
Key Audit Partner (Grant Thornton)
Manager (Grant Thornton)
Specialist (Democratic Services)
Case Officer (Strategy & Support Services)

55. Minutes (Agenda Item 1)

The minutes of the previous meetings held on the 2nd and 22nd September 2022 were approved as a correct record and signed by the Chairman.

56. Apologies for absence (Agenda Item 2)

Apologies for absence were received from Councillors Robin Bastable, Mike Best, Paul Maxwell and Colin Winder. Councillor Martin Wale was in attendance as substitute for Councillor Colin Winder.

57. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

58. Public question time (Agenda Item 4)

The committee were addressed by a member of the public who sought clarification following several requests to access a copy of the SSDC and Opium accounts, which he understood should have been made available to him. He had since received an email from the key Auditors, Grant Thornton who he believed agreed with his request and that the accounts should be made available to him. He requested a written response on why he had not received a copy of these accounts and how it might be rectified.

In response, the Key Audit Partner (Grant Thornton) explained that his response clarified that he should be allowed access to the information the Council has to prepare the group accounts which may not be the full accounts.

It was also noted that a written response would be given in due course.

The member of the public also referred to the Audit findings report and identified a couple of issues within the report regarding the overriding of management controls.

In response, the Key Audit Partner (Grant Thornton) clarified the findings were in relation to the accounts and considered that management had not been biased in their estimates in the production of these accounts. He acknowledged there had been some other override of controls and these had been reported and reflected in the Annual Governance Statement.

The Chief Executive explained the work done to date and that a further report would be brought back to the Audit Committee in January regarding the implementation of the recommendations within the report.

A second member of the public then addressed the committee and raised concern regarding the failure of the Transformation project, operation of the Council and finances, investment of commercial decisions and oversight of these financial matters. She asked how the Executive has been challenged on these issues.

In response the Key Audit Partner (Grant Thornton) did not believe there was a need to issue a public interest report regarding these issues.

A written response would be given regarding her concerns regarding the governance of the Council.

59. Date of next meeting (Agenda Item 5)

Members noted the date of the next meeting was scheduled for Thursday 26th January 2023.

60. 2020-21 Annual Governance Statement (Agenda Item 6)

The Monitoring Officer presented the report confirming the report had previously been in front of the Audit Committee and therefore had nothing to add, she invited questions from members.

There being no debate, it was proposed and seconded to approve the 2020-21 Annual Governance Statement. On being put to the vote this was carried unanimously.

RESOLVED: That the Audit Committee approved the 2020-21 Annual Governance Statement.

(Voting: unanimous)

61. Audit Findings Report 2020/21 (Agenda Item 7)

The Key Audit Partner (Grant Thornton) presented the report and gave an update of the position. The Audit Manager (Grant Thornton) proceeded to go through the Audit Findings report and gave an update on the areas highlighted in yellow within the report including:

- Aim to provide the certificate certifying the closure of the audit at the same time as the audit opinion.
- Identified recommendations for management and external valuer to consider in future years that are used to value property plant and equipment.
- Identified other control recommendations including officer remuneration agreements to be formalised.
- Highlighted a typo on page 33 Appendix C and clarified the financing and investment expenditure figure confirming it should read £1.8 million and not £18 million. This will be updated in the final version of the report.
- Explained the total audit fees and the reason why the final figure was still to be confirmed.

In response to questions, the Key Audit Partner (Grant Thornton) advised members of the following:

- Explained as noted 'X' under assessment on page 55 Appendix B 'Follow up of prior year recommendations' and how this relates to the Council's property plant and equipment.
- Satisfied with the Council's approach and do not anticipate any significant issues prior to sign off.
- Explained the reasoning behind the requirement on the audits of Opium power and Fareham Energy Reserve Limited. She confirmed a full audit has been undertaken and a copy of these full audited accounts were filed at Companies House.

The Chief Finance Officer also confirmed that all loan payments are up to date as per the agreed schedule and will continue to be paid after vesting day. She also confirmed as of the end of this financial year there will be £39 million of debt outstanding that will be inherited by the new council. The Monitoring Officer also confirmed the District Executive received a six-monthly report which included repayments of the loan and that the latest report would be going to District Executive in January 2023.

RESOLVED: That the Audit Committee noted the Audit Finding Report for 2020/21.

62. Statement of Accounts 2020/21 (Agenda Item 8)

The Lead Specialist (Finance) presented the report and explained that due to a few pending final adjustments to be made following this meeting, the committee was not in a position to sign off the accounts at this meeting. Therefore, as detailed at recommendation C in the report, it was requested that the committee authorise, or if required, delegate the approval of the statement of accounts, and signing of the Letter of Representation to the Chair of Audit Committee and the S151 Officer. He noted the pending changes, when completed, would be detailed in a report to members at the January meeting as an update for information.

The Chairman highlighted it was important that members consider if they were happy to agree to recommendation C as detailed in the agenda report.

Following a short discussion and clarification regarding the Letter of Representation (omitted from the agenda and to be circulated electronically to members after the meeting), it was proposed and seconded that the Audit Committee agree to delegate the approval of the 2020/21 Statement of Accounts and authorise the signing of the Letter of Representation to the Chair of the Audit Committee and the S151 Officer. On being put to the vote this was carried unanimously.

RESOLVED: That Audit Committee:

- a. Noted the external auditor's unqualified opinion on the financial statements.
- b. Approved the 2020/21 Statement of Accounts and authorised the Chair of the Audit Committee and the S151 Officer to approve adjustments to the statement of accounts.
- c. Delegated the signing of the Letter of Representation to the Chair of the Audit Committee and the S151 Officer, as all audit work had not been completed by the date of this committee meeting (15 December 2022)

(Voting: unanimous)

63. Certification of Claims Report (Agenda Item 9)

The Audit Manager (Grant Thornton) briefly summarised the Housing Benefit Certification Report for 2020/21 and details of the work undertaken including identifying individual errors and extrapolation works as set out within the agenda report.

In response to a point of detail raised during discussion regarding additional testing, she explained why any errors identified required further work and investigation.

There being no further questions, members were content to note the report.

RESOLVED: That Audit Committee noted the contents of the Certification of Claim Report for 2020/21.

64. 2022/23 Treasury Management Mid-Year Performance Report and Strategy Update (Agenda Item 10)

The Lead Specialist (Finance) presented the report and highlighted the current Treasury Management position of the Council's investment and borrowing, as set out within the agenda report.

In response to a member's question, he clarified the amount of short-term borrowing to be taken forward, and with confirmation from the Chief Executive, understood these figures relating to the other Council's are to be included within the budget setting reports for the new Council.

Members were content to note the report and recommend the updated Treasury Management Strategy Statement and Investment Strategy to Council.

RESOLVED: That the Audit Committee noted the actual and forecast treasury performance and recommended the updated Treasury Management Strategy Statement and Investment Strategy to Council.

65. Audit Committee Forward Plan (Agenda Item 11)

The Lead Specialist (Finance) updated members that reports regarding the Approval of the 2021/22 audited Statement of Accounts would be made to the March meeting of Audit Committee and not January as set out in the Forward Plan.

Members noted the Audit Committee Forward Plan.

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Chairman