

South Somerset District Council

Draft minutes of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 22 January 2015.**

(10.00 - 11.40 am)

Present:

Members: Councillor Derek Yeomans (Chairman)

Tony Lock	David Norris
Ian Martin	John Richardson
Roy Mills from 10.40	Colin Winder

Officers

Anne Herridge	Democratic Services Officer
Donna Parham	Assistant Director (Finance & Corporate Services)
Karen Gubbins	Principal Accountant (Exchequer)
Ian Potter	Revenues and Benefits Manager
Mark Williams	Chief Executive

Also Present:

Simon Garlick	Grant Thornton
Peter Lappin	Grant Thornton
Graham Middleton	SSDC Councillor
Mark Swallow	Arlingclose

51. Minutes (Agenda Item 1)

The minutes of the meeting held on 27th November 2014, copies of which had been circulated, were taken as read, and having been approved as a correct record were signed by the Chairman.

52. Apologies for absence (Agenda Item 2)

Apologies for absence were received from Cllrs John Calvert, John Dyke and Terry Mounter.

53. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

54. Public question time (Agenda Item 4)

There were no members of the public present.

55. Date of the Next Audit Committee Meeting (Agenda Item 5)

Members noted that the next scheduled meeting of the Audit Committee would be held on Thursday 26th February 2015.

56. Financial Procedure Rules (Agenda Item 6)

The Assistant Director - Finance and Corporate Services presented the report which clarified the changes to the Financial Procedure Rules.

In response to several questions the Assistant Director replied that:

- With reference to a query regarding the best financial option between the leasing or purchasing of vehicles; the decision was made by using various methods of calculation to find out the cheapest option together with input from the Streetscene Manager. It was hoped to soon introduce a form of internal borrowing from the capital and arranging a repayment scheme by means of an agreed payment plan;
- SSDC had already signed up to the Prompt Payment Code. . Prompt payment was critical to the cash flow in small companies, and the certainty of getting paid helped to plan for the short and longer term;
- With reference to paragraph 2.6(f) the process for Infrastructure Projects had been agreed at District Executive and now also had to comply with the Procedure Rules;
- With reference to 1.6 and the entry paragraph she would adjust the lettering of the following paragraphs;
- She would also re-word paragraph 1.1(b) regarding full Council being able to authorise further use of unallocated revenue balances etc;
- She would also make the wording clearer of 5(i) regarding the process;
- Since the fire at the council in South Oxfordshire, SSDC contingency plans had been revisited and some changes would be made but in general the current plan was satisfactory.

Audit Committee members were content to approve the recommendation.

RESOLVED: That the Audit Committee recommend full Council to approve the attached Financial Procedure Rules.

57. Treasury Management Strategy Statement and Investment Strategy 2015/16 (Agenda Item 7)

The Principal Accountant introduced Mark Swallow of Arlingclose who, with the aid of a confidential power point presentation gave members an insight into: the Background of Treasury Management; Economic Outlook; Bail in Risk and Treasury Management Strategy Statement considerations. Mr Swallow explained that Arlingclose only advised SSDC but any ultimate decisions were made by SSDC.

During discussion the Assistant Director- Finance and Corporate Services confirmed that SSDC did not invest in any financial instruments that they didn't understand. She explained that in future investments would be made using larger amounts; current staff

levels were appropriate it would just be a case of investing and thinking in a different way rather than the more traditional treasury management of placing fixed term investments in banks.

The Chairman thanked Mark Swallow for the useful update which was reassuring.

RESOLVED: To recommend the Treasury Management Strategy Statement and Investment Strategy for 2015/16 to full Council.

58. Grant Thornton Audit Committee Update for SSDC (Agenda Item 8)

Peter Lappin, Senior Manager of Grant Thornton external auditors presented the progress report and emerging issues, as detailed in full in the agenda. He made particular reference to the item '2020 Vision', which would present a challenge to local government.

The Chairman thanked the Senior Manager for the usual good report.

RESOLVED:
That the Audit Committee notes the attached report.

59. Grant Thornton Certification report for SSDC (Agenda Item 9)

Peter Lappin Senior Manager - Grant Thornton presented the report, as detailed in full in the agenda, regarding their findings from the signing off of the Housing Benefit Subsidy claim for 2013/14.

He highlighted the fact that the fees for certification of housing benefit subsidy claims had been reduced to reflect the removal of council tax benefit from the scheme and gave a further explanation of the appeal regarding the extrapolation process with the Department for Work and Pensions (DWP).

He explained further that the calculation of Housing Benefit was a complicated process particularly with regard to earned income and classification of overpayments, it was anticipated that a neighbouring Local Authority should be able to help SSDC officers to produce a report through the Northgate System that could provide analysis which would reduce the potential loss in subsidy for 2013/14.

In the meantime the following actions had already been agreed and outlined in the Grant Thornton report:-

- Improvements to the forms filled out by the Housing Benefits Team to calculate earned income (already completed).
- Further training on the areas outlined (partially completed).
- An information sheet to give the team more guidance (to be completed by the end of January).
- Further testing on the areas where errors were found (to be completed by the 31st March 2015).

The Revenues and Benefits Manager, in attendance, said that a lot of work had been carried out in the year and the focus should remain on what work could be done in order

to minimize the errors. The audit findings were useful in order to be able to work out where the weaker areas were.

In conclusion, the Assistant Director Finance and Corporate Services said that there would always be errors in this type of work but if the suggested Northgate report could be produced, the risks of extrapolation against larger cell values would be mitigated to a certain extent. She confirmed that a committee report would be presented to Audit Committee members with an update of how the issue had been mitigated and the result of the appeal.

The Chairman thanked both Peter Lappin and Simon Garlick who were shortly to leave the employ of Grant Thornton for their work in the past and wished them both luck in the future.

RESOLVED: that the Audit Committee:

- (1) Note the contents of the Certification of Claim Report for 2013/14.
- (2) Note that SSDC is appealing the extrapolation process with the Department for Work and Pensions (DWP).

60. Audit Committee Forward Plan (Agenda Item 10)

Members reviewed the Audit Committee Forward Plan and were content to note the contents.

The Assistant Director – Finance and Corporate Services would send the portfolio booklet of property assets to Cllr Colin Winder as requested.

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Chairman