

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 26 January 2017.**

(10.00am - 11.20am)

Present:

Members: Councillor Derek Yeomans (Chairman)

Jason Baker	Tony Lock
Mike Beech	Graham Middleton
Mike Best	David Norris
Carol Goodall	Colin Winder
Val Keitch	

Officers

Alex Parmley	Chief Executive
Donna Parham	Assistant Director (Finance & Corporate Services)
Karen Gubbins	Principal Accountant (Exchequer)
Becky Sanders	Democratic Services Officer
Kelly Wheeler	Democratic Services Officer

Also Present:

Peter Seib

43. Minutes (Agenda Item 1)

The minutes of the meeting held on 24 November 2016 were approved as a correct record and signed by the Chairman.

44. Apologies for absence (Agenda Item 2)

There were no apologies for absence as all members of the Audit Committee were present.

45. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

46. Public question time (Agenda Item 4)

There were no members of public present at the meeting.

47. Date of next meeting (Agenda Item 5)

Members noted the next meeting of the Audit Committee was scheduled for 10.00am on Thursday 23 February 2017.

48. Arlingclose Training on the Treasury Management Strategy (Agenda Item 6)

The Assistant Director (Finance and Corporate Services) introduced Mark Swallow from Arlingclose – SSDC's Treasury Management Advisors.

Mr Swallow provided members with a comprehensive presentation about treasury management in local government including:

- The requirement for a Treasury Management Strategy
- Investment objectives
- Bank deposits, bail-in and associated risks
- Bank of England Inflation Report
- Investment returns and inflation
- Capital Financing Requirement and Minimum Revenue Provision
- Borrowing, counterparties and investment instruments
- Advantages of pooled funds
- Comparison of property investments and information about Real Estate Investment Trusts

During a brief discussion Mr Swallow responded to some points of detail including:

- SSDC was different to some other local authorities as it already spread its investments across a wide range of classes. He noted many other authorities invested in areas with too much liquidity.
- Clarification of how property funds worked.

The Chief Executive commented that SSDC money was eroding and sources of revenue were decreasing. There is a need to look at income generation and using/investing our money in a different way which may mean taking a higher risk. He reminded members there were different types of risk and that taking safe options would also be a risk.

The Chairman and members thanked Mr Swallow for his informative and interesting presentation.

49. Treasury Management Strategy Statement and Investment Strategy 2017/18 (Agenda Item 7)

The Principal Accountant introduced the report which had been prepared for the Audit Committee who are tasked with the scrutiny of treasury management. She had nothing further to add following the presentation on Treasury Management by Arlingclose (previous agenda item).

In response to a query, about the figure of £12 million under the sub-heading 'Investment of money borrowed in Advance of Need', she explained in more detail how the figure had been calculated and that it was linked to Prudential Indicators 9 and 10.

There was no further discussion and members were in agreement to recommend that the Treasury Management Strategy Statement and Investment Strategy for 2017/18 (Appendix 1 to the agenda report) be approved by full Council.

RESOLVED: That Audit Committee recommend full Council approve the Treasury Management Statement and Investment Strategy for 2017/18.

50. Appointment of External Auditor (Agenda Item 8)

The Assistant Director (Finance and Corporate Services) presented the report which outlined the possible routes for appointing an External Auditor from April 2018. She explained the process and the options for going forward in a little more detail. The options had been discussed with the South West Audit Partnership (SWAP) and opting into the Public Sector Audit Appointments (PSAA) process seemed to be the best way forward for SSDC.

There was no further discussion and members were in agreement to recommend that full Council opt in to the Public Sector Audit Appointments to appoint an external auditor by December 2017

RESOLVED: That Audit Committee recommend full Council opt in to the Public Sector Audit Appointments to appoint an external auditor by December 2017.

51. Audit Committee Forward Plan (Agenda Item 9)

The Assistant Director (Finance and Corporate Services) noted that at the last meeting it had been agreed that updates would be presented quarterly for monitoring the risk of the Transformation and Westlands projects. These reports were not shown on the Forward Plan in the agenda but would be added for future meetings.

Members noted the Audit Committee Forward Plan.

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Chairman