

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the **Council Chamber, Council Offices, Brympton Way, Yeovil on Thursday 26 January 2023.**

(10.00 am - 10.48 am)

Present:

Members: Councillor Mike Hewitson (Chairman)

Robin Bastable	Tim Kerley
Mike Best	Tony Lock
Andy Kendall	Colin Winder
Tim Kerley	Derek Yeomans (IM)



Officers:

Jane Portman	Chief Executive
Karen Watling	Chief Finance Officer (S151 Officer)
Jill Byron	District Solicitor & Monitoring Officer
Nicola Hix	Director (Strategy, Support & Environmental Services)
Paul Matravers	Lead Specialist (Finance)
Becky Sanders	Case Officer (Strategy & Support Services)
Angela Cox	Specialist (Democratic Services)

Also Present:

Barrie Morris	Key Audit Partner (Grant Thornton)
Alastair Woodland	Assistant Director, SWAP

66. Minutes (Agenda Item 1)

The minutes of the previous meeting held on 15 December 2022 were approved as a correct record and signed by the Chairman.

67. Apologies for absence (Agenda Item 2)

Apologies for absence were received from Councillors Dave Bulmer, Brian Hamilton and Paul Maxwell.

Councillor Brian Hamilton was in attendance virtually via Zoom.

68. Declarations of Interest (Agenda Item 3)

There were no declarations of interest made by Members.

69. Public question time (Agenda Item 4)

The committee were addressed by a member of the public who said he had asked a question at the previous meeting regarding access to a copy of the SSDC Opium Ltd accounts. He said that he had received a holding response and asked when the information would be supplied.

The Chairman asked officers to provide the information within 5 working days and also send a copy of the response to Audit Committee members. He also confirmed that the 2022/23 external audit and closing of accounts of SSDC (and the other District Councils within Somerset) would be for the new Somerset Council to conclude.

In response to a question, the Chief Executive confirmed that all of the SSDC Directors had completed both Code of Conduct and Bribery and Corruption training.

70. Date of next meeting (Agenda Item 5)

It was noted that the next scheduled meeting of the Audit Committee coincided with the SCC Audit Committee meeting on 23 March 2023. Officers would seek to reschedule the meeting to a more convenient date.

71. Statement of Accounts 2020/21 (Agenda Item 6)

The Chairman noted that he had signed off the 2020/21 Statement of Accounts and the report was presenting the finalised statement for information.

In response to questions from Members, the Chairman and the Key Audit Partner (Grant Thornton) advised:

- Following the Redmond Review all Council's audit fees had increased significantly and the increase in SSDC's fees were not due to negligence. The current audit cycle was progressing well.
- SSDC held a very complex set of investments which had cost more to value, however, they were delivering value to the council
- The whistleblowing allegation made in 2021 had been made anonymously and the individual had not identified themselves since.
- The Council had made a public statement at Full Council meeting in September 2022 which conformed with the external auditors requirements regarding Statutory Recommendations.

The Key Audit Partner (Grant Thornton) noted that on page 116 of the agenda papers, there was a reference to a publication letter dated 31 March 2022, however, it should be dated 31 March 2021.

At the conclusion of the debate, the majority of Members were content to note the report. Councillor Robin Bastable asked for his dissent to be recorded.

RESOLVED: That the Audit Committee noted the content of the documents detailed below, which were provided for information at the conclusion of the 2020/21 audit of accounts:

- Signed Group Audit Opinion;
- Audit Findings Report;
- Auditor's Annual Report;
- Letter of Representation;
- Financial Statements Publication Letter.

72. 2021/22 External Audit Plan (Agenda Item 7)

The Key Audit Partner (Grant Thornton) noted the report was for the 2021/22 audit plan which set out the significant risks identified which were management override of controls, the valuation of land and buildings and the valuation of the net pension liability. Materiality had been determined at £1.6m which had been £1.9m in previous years which reflected some of the challenges encountered in previous years. The materiality determined the trigger point at which a qualification was considered and the number of unadjusted errors accepted in that opinion. He concluded by noting the key significant risks as SSDC transitioned to the new Unitary Authority and he confirmed that he and the Manager (Grant Thornton) would continue to be the Council's link to the external auditors.

In response to questions from Members, the Key Audit Partner (Grant Thornton) advised that the Council's budget was set on one basis and the accounts were set on another. The accounts were reconciled to the budget but it was not as straightforward as it could be. He also confirmed that Council officers were providing timely responses to any questions raised during the external audit process.

The Lead Specialist for Finance confirmed that the Council had appointed a new accountant to oversee the 2022/23 accounts.

At the conclusion of the debate, Members were content to note the 2021/22 External Audit Plan.

RESOLVED: That the Audit Committee noted the content of the External Audit Plan for 2021/22.

73. SWAP Internal Audit Plan Progress Report 2022-23 (Agenda Item 8)

The Assistant Director for SWAP introduced the quarterly update report and drew Members attention to the number of reviews completed, information on SSDC Opium Power Ltd, and the pooled resource to audit the LGR process. He also noted they were supporting Business Continuity Plans to ensure they were in place by April 2023 for the new Somerset Council and the Anti-Fraud and Corruption policy had been reviewed county-wide. Commercial rent income had been given limited assurance due to the resignation of a key officer and subsequent limited information. A report on the Lufton Depot was a separate report on the agenda and overall good progress had been made. Any outstanding areas would feed into a risk assessment and audit plan for the new Somerset Council.

During discussion Members were pleased to note the report on SSDC Opium Power Ltd and said it would be a major asset to the new Somerset Council.

The Assistant Director for SWAP undertook to provide a written answer to a question on any audit trails taken on items purchased at Lufton Depot to ensure they were used at the Depot or on SSDC projects as a specialist fraud investigation team had undertaken that work.

At the conclusion of the debate, Members were content to note the SWAP Internal Audit Plan progress for 2022/23.

RESOLVED: That the Audit Committee noted the SWAP Internal Audit Plan progress for 2022/23.

74. Risk Management Update Q3 2022/23 (Agenda Item 9)

The Director (Strategy, Support & Environmental Services) advised this was the standard quarterly monitoring report and a report would be presented to the meeting in March on the risks being taken forward to the new authority. Although 5 risks were labelled as red in the report there was a great deal of work being done by officers on health and safety to hand it in good order to the new authority and these were being amalgamated with the other 4 councils risks. Overall there were no significant changes which required highlighting.

There were no questions and Members were happy to note the report.

RESOLVED: That the Audit Committee noted the notes the SSDC Strategic & Corporate Risk profile.

75. Update on Improving Environmental Services and Corporate Governance (Agenda Item 10)

The Chief Executive reminded Members that they had requested an update on the action plan and recommendations of the Richard Penn report and the SWAP report. She noted that appendix A set out the action plan from the independent investigators recommendations with the actions taken and listed them as either on-going or complete. She said that good progress had been made on all points and Code of Conduct training had been undertaken by 91% of staff at the time of writing the report, with some staff on maternity leave, sickness absence or had left the organisation. There would be mandatory training for all staff on the new financial regulations of the new Somerset Council.

The Director (Strategy, Support and Environmental Services) advised that all staff at the Lufton Depot had completed Code of Conduct training. The reference to private use of council vehicles was staff taking vans home to allow them to commence work rather than visit the depot to collect a vehicle when they lived locally. This was in the terms and conditions of some employees contracts which would likely be reviewed when they transferred to the new Somerset Council. All vehicles at the depot were now fitted with location trackers so their location was known at any point in time.

In response to a question, the Director (Strategy, Support and Environmental Services) confirmed that management at the depot had changed and there was also a change in culture among staff.

At the conclusion of the debate, the Chairman noted that the plan of action had been implemented and improvements were visible and on-going actions would continue into the new authority which the new Audit Committee could oversee implementation of. Members were content to note the report.

RESOLVED: That the Audit Committee noted and commented on the progress that had been made in addressing the recommendations and the further planned actions in Environmental Services.

76. Audit Committee Forward Plan (Agenda Item 11)

The Chairman noted there were a large number of reports due at their next meeting in March 2023 and an alternative time or date would be sought to accommodate all Members.

Members noted the Audit Committee Forward Plan.

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Chairman