

Audit Committee

This report summarises the items considered by the Audit Committee on 27 July 2017:

26. Assessment of Going Concern Status (Agenda Item 6)

The S151 Officer explained that the purpose of Going Concern Status was to provide assurance to the Committee and the Council that he was assured the Council would be able to deliver services for the next 12 months.

In response to a question from a member, he explained that delivery and strategy would be important in the delivery of the Transformation Project. It was his view that SSDC was in a very comfortable position to mitigate problems as they had the necessary reserves in place. He clarified that in the unlikely event that there was a slower than anticipated delivery of services, funds could be drawn from the reserve fund.

In response to a further question, he clarified that this was a 12 month plan and that further detail was included within end of year reports that were presented to other Committees.

RESOLVED: that members noted the report.

27. Audit Findings Report 2016/17 (Agenda Item 7)

The S151 Officer explained that the report summarised the findings from the review undertaken by Grant Thornton, the Council's external auditor.

He explained to members that the outcome was positive as he had anticipated and that the review was supportive of the accounts. He thanked the team at Grant Thornton.

Barry Morris, of Grant Thornton, introduced himself and advised that he was the new engagement lead for South Somerset District Council. He advised members that there were no concerns or issues on the CIPFA 'Telling the Story' project, the 'audit findings against other risks' or the 'accounting policies, estimates and judgements'.

David Johnson, also of Grant Thornton, referred to the Internal Controls Audit and explained that this was an opinion on the financial statements and included a summary of the whole process. He advised that the Severance and Redundancy Pay Policy, although was fit for purpose, had not been recently reviewed. He pointed out some further highlights of the report to include;

- The IT security policies have been reviewed and agreed.
- There had been no adjusted misstatement.
- There were unadjusted misstatements, which had been made, however these were consistent with previous years. (detailed on page 32)
- There were misclassifications and disclosure changes; however these were administration errors in the disclosure. (detailed on page 33)

In relation to the Transformation Project, he advised members that he had more assurance in the revised business case, however the project would continue to be reviewed.

They responded to members questions in relation to the Transformation Project.

RESOLVED: that members noted the report.

Following the Committee, the Finance Manager and External Auditor notified all Committee Members of an update to a figure included in the Audit Findings Report. The comparison of investment balances included on page 21 of the Grant Thornton report (agenda page 32) 'unadjusted misstatements' reports a misstatement of £438,000 whereas Members are advised this should be £89,000. The substance of the finding remains that there is a non-material difference to be reported, therefore the external audit proposes not to formally issue a revised Audit Findings Report but wishes to bring this update to the attention of Audit Committee Members

28. Statement of Accounts 2016/17 (Agenda Item 8)

The Finance Manager explained that the statement was split into 4 main statements, the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and Collection Fund.

The Finance Manager referred members to page 90 of the report which detailed the movements in the reserves held by the authority. She also referred members to the Collection Fund Account. She explained that this provided a breakdown of the current position. She further explained that the Annual Governance Statement had previously been approved as a draft.

During the discussion, external loans were discussed, however assurance was given by the Finance Manager that the 2 outstanding external loans were on track.

Following the discussion, it was proposed and seconded that members note the statement, to approve the statement of accounts and to authorise that the S151 Officer and the Chairman of the Audit Committee sign the letter of representation.

On being put to the vote, this was carried unanimously.

RESOLVED: that members;

1. Note the external auditors unqualified opinion on the financial statements
2. Approve the 2016/17 Statement of Accounts.
3. Authorise that the S151 Officer and the Chairman of the Audit Committee sign the Letter of Representation.

(Voting: unanimous)

29. Summary Statement of Accounts (Agenda Item 9)

The S151 Officer explained that his report was a summary of the Statement of Accounts which included headlines from the full statement.

Following a short discussion, members agreed to note the report.

RESOLVED: that members noted the report.

Cllr Derek Yeomans
Chairman of Audit Committee