

South Somerset District Council

Minutes of a meeting of the **Informal Audit Committee** held in **the Virtual Meeting using Zoom meeting software on Thursday 28 October 2021.**

(10.30 - 11.20 am)

Present:

Members: Councillor Martin Carnell (Chairman)

Brian Hamilton
Robin Bastable
Colin Winder

Tim Kerley
Paul Maxwell



Officers

Karen Watling
Alastair Woodland
Cheryl Summers
Becky Sanders

Chief Finance Officer (S151 Officer)
Assistant Director, SWAP
Specialist Finance (Support Services)
Case Officer (Strategy & Support Services)

Also Present:

Derek Yeomans
Linda Vjeh

Independent Member
Guest

28. Minutes (Agenda Item 1)

The minutes of the meeting from 30th September 2021 were approved as a correct record, and would be signed by the Chairman.

29. Apologies for absence (Agenda Item 2)

Apologies for absence were received from Councillors Dave Bulmer, Mike Best, Mike Hewitson and Malcolm Cavill. Councillor Colin Winder was present as substitute for Malcom Cavill.

30. Declarations of Interest (Agenda Item 3)

There were no declarations of interest.

31. Public question time (Agenda Item 4)

There were no members of the public present.

32. Date of next meeting (Agenda Item 5)

Members noted that the next meeting of the Audit Committee was scheduled for 10am on Thursday 25th November 2021.

33. Redmond Review into the effectiveness of local audit and the transparency of local authority financial reporting (Agenda Item 6)

The Chief Finance Officer (CFO) presented the report, which briefed audit members on the outcomes arising from the Redmond Review into the effectiveness of local audit and the transparency of local authority financial reporting, and the potential implications for local government. She highlighted key elements including:

- Figure 1 in the report showed the current organisations that are concerned with the Audit of Local Government. The first part of the report detailed some of the problems that currently occur with Auditing, including late audits and complexity of the financial statements.
- The second part of the report described the Redmond Review recommendations and the government's response to those recommendations.
- Figure 2 showed the new audit framework, some of the key changes that would be introduced included:
 - The External Auditor would report to full council as well as audit committee.
 - There would be a new statement in the accounts, which would try to simplify information presented to committee and stakeholders.
 - The deadline for the accounts to be audited had moved to the end of September for the next 2 years and will then be reviewed by the government.
 - Requirement for at least one independent member appointed to the Audit Committee.

In response to a query, the Chairman advised that BEIS was an acronym for Business Energy and Industrial Strategy.

A member noted that one of the key issues in the report was the number of firms available to carry out audits, and this did not seem to be addressed within any of the changes.

In response, the Assistant Director (SWAP) commented that he was aware central government were trying to encourage more providers into the marketplace.

The Chairman thanked the Chief Finance Officer for her work with the report, and members were content to note the report.

34. Internal Audit Progress Report 2021-22 (Agenda Item 7)

The Assistant Director (SWAP) presented the report, which updated members on the Internal Audit Plan progress and highlighted any weaknesses in the work undertaken. He highlighted some elements of the report including:

- Fraud risk assessment and patch management Audits completed.
- There were no limited or no assurance opinion pieces of work.
- Homelessness follow up review - Recommendations were in progress and explanations as to why there were revised target dates for completion were noted in pages 27 and 28 of the agenda report.
- Audit plan changes and reasons for those changes on page 30 of the agenda report.

One member expressed their disappointment that a new system to manage the homelessness information was not in place and now would be put on hold due to the new unitary decision.

There was no further discussion and members were content to note the report.

35. 2021/22 Treasury Management Mid-Year Performance Report and Strategy Update (Agenda Item 8)

The Lead Specialist Finance (Deputy 151 Officer), presented the report which provided a mid-year treasury performance and strategy update. He introduced a new Finance Specialist to members who was the second lead officer on the report.

He highlighted to members the current Chartered Institute of Public Finance and Accountancy (CIPFA) consultations on changes to the Treasury Management Code of Practice and explained how these consultations would affect SSDC treasury management. The Treasury Management Practice report would be updated to reflect these consultation changes once they had been published by CIPFA and then the report would be brought to Audit Committee.

The Chief Finance Officer advised members that a training session on treasury management would be arranged for audit members.

The Lead Specialist, Finance highlighted key details within the report, some of which included;

- There were no suggested amendments in the strategy. The figures had been updated as at 31st March and the estimates for future years had changed.
- The external borrowing summary.
- Borrowing options and proposals – a report would be taken to Full Council in February regarding future borrowing.
- Pooled fund investments in the income return.

In response to a comment raised, The Chief Finance Officer confirmed that changes to business rates would not affect SSDC income; central government would compensate local government when there was a policy change on Business Rates.

The Lead Specialist - Finance responded to points of detail raised and provided some clarification regarding;

- Short term lending to other local authorities and when that may occur
- The wording in paragraph 35 in relation to borrowing needed correcting
- Pooled fund investment income
- New borrowing revised estimate figures
- The process of short term borrowing
- Reasons for an increase in NDR (Non Domestic Rates)

The Chief Finance Officer further explained current reasons for borrowing and detailed to members why SSDC were borrowing short term rather than long term.

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

RESOLVED:

That Audit Committee:

Noted the actual and forecast treasury performance and recommended the updated Treasury Management Strategy Statement and Investment Strategy to Council.

36. Audit Committee Forward Plan (Agenda Item 9)

RESOLVED:

Members noted the Audit Committee Forward Plan as shown in the agenda.

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Chairman