

AUDIT COMMITTEE

Minutes of the Meeting held on 23 September 2013 at 4.30 pm in the Council Chamber, Williton

Present

Councillor S GossChairman
Councillor E MayVice Chairman

Councillor M J Chilcott
Councillor D D Ross

Councillor M O A Dewdney
Councillor D J Sanders

Members In Attendance

Councillor K V Kravis

Officers In Attendance

Section 151 Officer (S Campbell)
Principal Accountant/Deputy Section 151 Officer (S Plenty)
Principal Recovery Officer (S Perkins)
Meeting Administrator (H Dobson)

Also In Attendance

Alun Williams, Director, Grant Thornton
Peter Lappin, Senior Manager, Grant Thornton
Claire Hodgson, Audit Manager of South West Audit Partnership (SWAP)
Anton Sweet, Funds and Investment Manager, Somerset County Council

A18 Apologies for Absence

No apology for absence was received.

A19 Minutes

(Minutes of the Meeting of Audit Committee held on 19 July 2013, circulated with the Agenda).

RESOLVED that the Minutes of the Meeting of Audit Committee held on 19 July 2013 be confirmed as a correct record.

A20 Declarations of Interests

Members present at the meeting declared the following personal interests in their capacity as a Member of a County, Parish or Town Council:

Name	Minute No	Description of Interest	Personal or Prejudicial	Action Taken
Cllr S Y Goss	All	Stogursey	Personal	Spoke and voted

A21 Public Participation

No members of the public had requested to speak.

A22 Audit Committee Action Plan

(Audit Committee Action Plan, circulated with the Agenda).

There were no resolutions/recommendations from the meeting held on 16 July 2013 that required monitoring.

A23 Audit Committee Forward Plan

(Audit Committee Forward Plan, circulated with the Agenda).

RESOLVED (1) that the Annual Report – Hinkley Point be moved to 3 December 2013.

RESOLVED (2) that the Actuarial Review of the Pension Fund be scheduled for the meeting of the Audit Committee to be held on 3 December 2013;

RESOLVED (3) that the Audit Committee Forward Plan be noted.

A24 Debt Analysis as at 30 June 2013

(Report No. 125/13, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the level of debts outstanding to the authority as at 30 June 2013.

In response to concerns that the amount of Business Rates Debts outstanding for this year when compared to the same time last year appeared to have increased the Principal Recovery Officer advised that it could be the result of a single figure and that he was confident that the figure would reduce.

The Deputy Section 151 Officer advised that he would provide more information relating to the Corporate Debts for the next meeting of the Audit Committee.

RESOLVED that the Debt Analysis as at 30 June 2013, be noted.

A25 Pensions Update

The Funds and Investment Manager for Somerset County Council provided an update on the pensions fund and presented the highlights of the Somerset County Council Annual Report and Financial Statements 2012/13.

During the course of the update the Funds and Investment Manager addressed the following issues raised:

- If the council was required to continue to put more and more money aside year on year into the pension fund there could come a point when all the council's money would go into the fund.
- If more staff left the authority would a larger provision have to be made?

The Section 151 Officer confirmed that the council had factored an increase into its budget over the next three years to cover the likely increase in payments to the pensions fund.

The Funds and Investment Manager advised:

- The changes to the tiers and the increases in contributions that would affect the higher paid staff.
- How different fund managers operated which reflected in different fees.
- That there would be a number of changes affecting the fund including a revised benefits package for employees the following year.
- There was a governance consultation on future governance structures that would apply to all the schemes; the outcomes were currently still unknown.
- There has also been a call for evidence on the structure of the Local Government Pension Scheme and responses had to be submitted by the end of the current week. At this stage it was possible that the Somerset fund might not exist in its current geographical area in 2017. The results will be made known in perhaps one year's time or less and any changes would take effect from April 2017.

The Members of the Committee thanked the Manager for the useful information and plain writing contained in the Annual Report.

The Funds and Investment Manager asked that any additional questions from the Committee could be emailed to him or the Section 151 Officer.

RESOLVED that the pension fund update be noted.

A26 Annual Governance

(The Audit Findings for West Somerset Council and Arrangements for Review of the Council's Arrangements for Securing Financial Resilience for West Somerset Council, distributed after the Agenda).

The Director for Grant Thornton presented the Audit Findings for West Somerset District Council. The findings set out the results of the audit on the Council's Statement of Accounts. There were no issues of concern and no significant adjustments to the accounts, therefore an unqualified opinion had been issued. The key messages arising from the audit were that the accounts were prepared to a good standard and there were good working arrangements between the finance team and audit staff.

Last year Grant Thornton issued a qualified position on the Value for Money conclusion because of the council's financial position. Since then changes have been made. On consideration of whether the Council could meet its budget for the following year and focussing on the current financial position the external auditor has issued an unqualified opinion. He congratulated members for their high

degree of knowledge regarding the Council's financial position. He concluded that Grant Thornton were satisfied that the accounts were mostly correct.

The Senior Manager for Grant Thornton highlighted the action plan where medium priority improvements had been identified.

The Section 151 Officer was pleased with the unqualified opinion and thanked the Deputy Section 151 Officer and finance team for all of their hard work.

In response to a question regarding the Council's Remote Access Policy the Deputy Section 151 Officer advised that he would confirm who the policy referred to: its own employees or indirectly via external agencies and who those external agencies were.

The Senior Manager presented the Review of the Council's Arrangements for Securing Financial Resilience advising that he was satisfied with the assessment of financial resilience. He highlighted that the Medium Term Financial Plan (MTFP) had been risk assessed as amber (an improvement on the previous year when it was assessed as red) which reflected the work the Council had undertaken to try to recognise the issues. He also advised of the next steps and the Council's liquidity issues as raised under key indicators of performance.

With regard to strategic financial planning being assessed as red, Members were very aware of a plan being in place and of the Council's position with regard to the need to sell its assets which could affect tenders submitted by potential buyers.

During the discussion of the Council's MTFP the Senior Manager commented that one of its strengths was that it was updated regularly. The Section 151 Officer confirmed that the most recent MTFP would be made available to members.

The Chairman of the Committee thanked the Director and Senior Manager of Grant Thornton for attending the meeting.

RESOLVED that the Audit Findings for West Somerset Council and Arrangements for Review of the Council's Arrangements for Securing Financial Resilience for West Somerset Council, be noted.

Note: With the agreement of the Chairman this item was brought forward on the Agenda.

A27 Quarterly Review of Internal Audit Activity

(Report of Internal Audit Activity, circulated with the Agenda).

The purpose of the update was to provide a review of Internal Audit activity plus identify any level 4 and 5 control weaknesses.

The Audit Manager of SWAP presented the report and referred to the quarter 2 progress made so far.

She confirmed that a definition of 'non opinion' would be included in the audit framework definitions.

RESOLVED that the Report of Internal Audit Activity for Quarter 2 2013/14, be noted.

A28 Governance Code

(Fees Letter 2013/14, circulated with the Agenda).

The Lead Member for Finance and Central Support presented the report and advised that the Governance Code had last been updated in 2009 and that all the changes were shown in the appendix to the report.

In response to a question the Section 151 Officer advised that the document was based on a template provided by the Chartered Institute of Public Finance and Accountancy and adjusted to fit the Council.

The Section 151 Officer noted the suggested minor amendments:

- That the Area Panels be added to Principle 2.3.
- That the website be added to Principle 1.1
- She noted the concern regarding Principle 5.1 and that financially the Council were not in a position to fulfil that commitment and advised that she would look at how to re-word the principle appropriately.

RESOLVED that the revised Governance Code with amendments, as listed above, be approved.

A29 Audited Statement of Accounts

(Internal Audit Charter, circulated with the Agenda).

The purpose of the report was to request that the Audit Committee review the Audited Statement of Accounts prior to its signature by the Chair of the Committee and the Section 151 Officer.

The Lead Member for Resources and Central Support presented the report and thanked the finance team for their work.

Great concern was raised regarding the annual cost of 12.4 staff dedicated to work relating to Hinkley Point and that related funding was yet to be received. In response the Section 151 Officer advised that the Chief Executive was working on these costs and would request that the Chief Executive contact the member concerned.

Further, the Lead Member understood the concerns raised and associated issues and would ensure the necessary work was completed and that members would be informed appropriately.

Members noted the Letter of Representation to be signed and approved at this meeting by the Section 151 Officer and Chairman of the Audit Committee.

RESOLVED (1) that the Audited Statement of Accounts be noted;

RESOLVED (2) that the Chairman of the Audit Committee signs and dates the balance sheet;

RESOLVED (3) that the Council's Section 151 Officer re-signs and dates the balance sheet;

RESOLVED (4) that the accounts and relevant certificates are published on the Council's website;

RESOLVED (5) that the Letter of Representation be approved and signed by the Chairman of the Audit Committee and the Council's Section 151 Officer.

The meeting closed at 6.04 pm.