

Corporate Governance Committee – 23 July 2018

Present: Councillor Cavill (Chairman)
Councillor Adkins, Coles, Gaines, Govier Hall, Hunt, Ryan, Mrs Smith, Ms Smith-Roberts, and Webber.

Officers: Paul Fitzgerald (Assistant Director – Resources) Andrew Stark (Finance Manager),
Pete Barber (Assistant Director – Grant Thornton) and Andrew Randell
(Democratic Services Officer).

(The meeting commenced at 6.15 pm)

29. Apologies.

Apologies were received by Councillors Booth, Parrish and Horsley.

30. Minutes.

The Minutes of the meetings of the Corporate Governance Committee held on 19 June 2018 were taken as read and were signed.

31. Declaration of Interests.

Councillor Coles declared a personal interest as a Somerset County Councillor and a member of the Devon and Somerset Fire Authority. Councillor Govier declared a personal interest as a Somerset County Councillor. Councillor Hunt declared a personal interest as a Member of Somerset County Council, Exmoor National Park Authority Member, and Tacchi Morris Management Committee Member. Councillor Mrs Smith-Roberts declared a personal interest as the Chairperson of RAFT.

32. External Audit 2017/18 – Audit Findings Report.

Members considered the report previously circulated, concerning the External Audit 2017/18 – Audit Findings Report.

The report introduced the annual report of the external auditor Grant Thornton outlining the findings from their audit of our Statement of Accounts, and arrangements to secure Value for Money.

Following the detailed review of financial statements and governance and control arrangements, the Auditor indicated his intention to provide an “unqualified” opinion on our accounts for 2017/18, and an “unqualified VFM conclusion” in respect of arrangements to secure economy, efficiency and effectiveness, in our use of resources i.e. providing value for money.

The Unaudited Statement of Accounts 2017/18 was signed off by the Council’s S151 Officer before 31 May 2018 – within the earlier statutory deadline for 2017/18, and before the start of the external audit review.

Most of the external audit review had been completed and subject to work outstanding being completed and queries being resolved the auditor indicated their intention to issue an “unqualified opinion” for the Statement of Accounts, as showing a true and fair view of the Council’s financial position and performance.

The auditor has reviewed the arrangements to secure economy, efficiency and effectiveness in our use of resources, and provided an opinion in the form of a value for money conclusion. Their report states that 'the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

During the consideration of this item, the following points were made:-

- The completion of Audit on would be made on 31st March when the authority ceases to exist.
- An addendum was included as part of the report highlighting an issue not identified in the report.
- Assets that had not been valued in the last five years would be valued within the next nine months.
- The new Council would assume responsibility with to approve the sets of accounts, this would have to tally with the two extant authorities closing accounts.
- The audit for the 19/20 balance would account for the new council.
- Councillors requested that a revalued asset management strategy could be rearranged as a matter of urgency.
- The continued demands on the services of the new council were recognised with the increasing expectations of the public.
- Building in capacity within the New Council would ensure that funding is spent in certain areas to prudently set aside finance for challenges faced by the new council.
- There would be changes post budget setting around business rates revaluation, it was recognised that costs in between years can occur.
- Councillors were of the view that there was a credible financial plan along with adequate resources, the strength of being one council was evident.
- Staff were commended officers of the work undertaken in the creation of report.

Resolved that:- The Corporate Governance Committee:-

1. Noted the external audit report on the Council's Financial Statement of Accounts.
2. Members are requested to note the Auditor's unqualified value for money conclusion.

33. Approval of the Statement of Accounts 2017/18.

Members considered the report previously circulated, concerning the approval of the Statement of Accounts 2017/18.

The Accounts and Audit Regulations 2015 require the Statement of Accounts to be approved by a resolution of a nominated committee. The current constitutional arrangements devolve this responsibility to the Corporate Governance Committee.

The S151 officer is required to sign off the unaudited Draft Accounts as true and fair by 31 May (compared to 30 June for last year). The audited Statement of Accounts must be approved by Committee by 31 July. Once approved the Statement must be signed by the S151 Officer and the Chair of the Corporate Governance Committee, and published on the Council's website.

The Council's Statement of Accounts has been audited this year by Grant Thornton UK LLP and is attached to this report. At the time of writing this report, Grant Thornton intend to issue an unqualified opinion, as reported in the Audit Findings Report earlier on the agenda for this meeting.

The Management Letter of Representation is a formal letter written by the external auditors, Grant Thornton LLP, which is signed by the Council's senior management. The letter attests to the accuracy of the financial statements that the Council has submitted to the auditors for their analysis.

The Management Letter of Representation enables the Council to declare in writing that the statement of accounts and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the best of the management's knowledge. The auditors will use this letter as part of their audit evidence.

During the consideration of this item, the following points were made:-

- The Somerset Rivers Association was not a precepting authority, this was not separately identified as part of billing.
- The authority had a strong debt recovery performance with good arrangements in place to manage income.
- Pooling arrange for business rates had started in April 2017. Work was being undertaken to smooth the path of volatility with respect to business rate appeals.
- It was acknowledged that there would be advantages and disadvantages with business rates pooling arrangements, this was a risk that all local authorities faced.
- The cash position had increased overall along with an increase in short term investments.
- There were large capital programme contracts due to commence in the next financial year. A minimum balance in the smoothing reserve would be held.

Resolved that:- The Corporate Governance Committee:-

- 1.1 Noted the Auditor's unqualified opinion on the Statement of Accounts.
- 1.2 Approve the 2017/18 Statement of Accounts as attached to this report; then,
- 1.3 The Chairman of the Committee was requested to sign the Statement of Accounts.
- 1.4 The Committee approved the management letter of representation in respect of the financial statements for the year ended 31 March 2018, as presented at the meeting.

34. Forward Plan.

Submitted for information the proposed Forward Plan of the Corporate Governance Committee.

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.30pm)

