

**ACCOUNTS, AUDIT & GOVERNANCE COMMITTEE  
29<sup>TH</sup> SEPTEMBER 2011**

Present: Councillors: David Holmes (Chairman) Gordon Lindsay (Vice Chairman) John Bailey, Roy Cornell, Leonard Crosbie, Jim Rae

Apologies: Councillor: Jonathan Chowen

AAG/14 **MINUTES**

The minutes of the meeting held on 28<sup>th</sup> June 2011 were approved as a correct record and signed by the Chairman.

The Committee noted that the action under item AAG/6 of the minutes of the meeting held 28<sup>th</sup> June 2011 was complete; a reply letter had been sent to the resident who raised objection to the Annual Governance Statement, by the Director of Corporate Resources.

AAG/15 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

AAG/16 **ANNOUNCEMENTS**

The Chairman welcomed the training which the Members had recently received on Accounts Audit and Governance; the Committee had found it very useful.

The Chairman requested that the Committee receive a forward plan for the forthcoming year; and asked that this be available at the next meeting.

The Committee discussed its Terms of Reference, and whether they were correct in respect of the Committee's treasury and management role and the Annual Governance Statement. The Director of Corporate Resources would bring some wording from the Council's Constitution to the next meeting.

AAG/17 **ANNUAL GOVERNANCE REPORT 2010/11**

Helen Thompson, the District Auditor, presented the Annual Governance Report 2010/11. The Committee noted that the purpose of the report was to summarise the District Auditor's findings from 2010/11 audit in order to issue an unqualified audit opinion.

The Committee noted that all audit work was complete. However, the District Auditor had received queries and a formal objection from a local elector. His request was for the Auditor to consider issuing a Public Interest Report in relation to various matters, mainly in relation to the Council's proposed arrangements on the Old Town Hall. Many of the matters raised related to years of audit that have been closed. There was therefore no action which

AAG/17 Annual Governance Report 2010/11 (cont.)

the District Auditor could take. However, there were a small number of issues which would be accepted as an objection and then considered.

The District Auditor intended to issue an unqualified audit opinion and an unqualified value for money conclusion. The Auditor had carefully considered whether the matters raised by the local elector prevented her from issuing either the opinion or the value for money conclusion. In terms of the opinion, the value of the matters raised relate mainly to a specific asset, the value of which in relation to the total value of assets (£494k of £76.7m) was not material. The proposed annual income from the contract with potential supplier, had it progressed, would have been some £50k (against 10/11 gross income in net cost of services of £51.7m), the Auditor did not consider this to be material for either the opinion or the value for money conclusion.

In terms of the value for money conclusion, the issues raised by governance were not ones she recognised from her wider work at the Council, either in the current year of audit or in previous years. The issues around procurement – which were reported in the Auditor’s letter in December 2010 – were not so significant in the context of all Council activity. Therefore the District Auditor concluded that there was no impact on the 2 specified criteria or the proper arrangements.

The Committee noted the report and was satisfied with the external audit.

RESOLVED

- (i) That the adjustments to the financial statements set out in the District Auditors’ report be noted
- (ii) That the letter of representation, on behalf of the Council, be approved
- (iii) That the response to the proposed action plan be agreed

AAG/18 STATEMENT OF ACCOUNTS 2010/11

The Director of Corporate Resources presented the Statement of Accounts 2010/11 which the District Auditor would issue an unqualified audit opinion on.

The Committee noted the two items of income and expenditure which did not occur regularly within the ordinary activities of the Council, these related to a VAT refund on sports and recreational activities and the other was past service gain relating to pensions.

AAG/18 Statement of Accounts 2010/11 (cont.)

The Committee acknowledged that the Statement of Accounts were complex and requested that in future draft accounts be provided at an earlier stage. In addition some training was requested for Members to understand more fundamentally the nature of the accounts.

RESOLVED

That the 2010/11 Statement of Accounts be approved.

REASON

- (i) There was a statutory duty for the Council to approve the Statement of Accounts each year
- (ii) The District Auditor would issue an unqualified audit opinion on the financial statements

AAG/19 LETTER OF REPRESENTATION

The Director of Corporate Resources asked the Committee to approve the letter of representation to the District Auditor.

RESOLVED

That the Letter of Representation be approved and signed by the Director of Corporate Resources and the Chairman of the Committee.

AAG/20 TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS 2010/11 AND PART YEAR 2011/12

The Director of Corporate Resources presented a report on treasury management activity and prudential indicators for 2010/11 and part year 2011/12.

The report confirmed that, during 2010/11, the Council had complied with its legislative and regulatory requirements and the statutory borrowing limit, the Authorised Limit, had not been breached.

The Committee noted that the actual value of the Council's Capital Financing Requirement was less than estimated due to the capital spend being less than estimated.

AAG/20 Treasury Management Activity and Prudential Indicators 2010/11 and Part Year 2011/12 (cont.)

RESOLVED

- (i) That the actual 2010/11 prudential indicators be approved as reported
- (ii) That the treasury management stewardship report for 2010/11 be noted
- (iii) That the part year review of treasury activity be noted and any changes to the prudential indicators be agreed

REASON

The annual treasury report is a requirement of the Council's reporting procedures. The report also covers the actual Prudential Indicators for 2010/11 and part year 2011/12 in accordance with the requirements of the CIPFA Code of Practice on Treasury Management Prudential Code for Capital Finance in Local Authorities.

AAG/21 OUTTURN 2010/11

The Director of Corporate Resources presented the Outturn 2010/11, including summaries by service of outturn expenditure in 2010/11, compared to original and revised budgets for the year, and of expenditure on the Repairs and Renewals Fund, as had been requested by the Committee at its last meeting on 28<sup>th</sup> June 2011 (Minute No AAG/8 (28.6.11))

The Committee agreed that it would be more appropriate to ask the Budget Review Working Group to consider this report at its next meeting.

RESOLVED

That the comparison of outturn expenditure in 2010/11 compared to the original and revised budget for the year be noted.

AAG/22 INTERNAL AUDIT – QUARTERLY UPDATE REPORT

The Chief Internal Auditor submitted a report summarising the work of the Internal Audit Section from June 2011.

The Committee noted the summary of audit findings.

AAG/22 Internal Audit – Quarterly Update Report (cont.)

The Chief Internal Auditor explained that there would be a temporary increase in audit resources in order to achieve the audit plan for 2011/12.

The Committee requested that at the next meeting a statement be produced on what the Chief Internal Auditor felt needed to be achieved in a revised audit plan, against what was achievable, in order for the Committee to make an objective opinion.

Where the Chief Internal Auditor had reported moderate assurance in his audit opinion, the areas would be reviewed and an update would be reported to the Committee at its next meeting on 14<sup>th</sup> December 2011.

RESOLVED

That the summary of audit and project support work undertaken since June 2011 be noted.

REASON

To comply with the requirements set out in the CIPFA Code of Practice for Internal Audit.

AAG/23 **RISK MANAGEMENT – QUARTERLY UPDATE REPORT**

The Director of Corporate Resources presented the Risk Management Quarterly Update Report and explained that the Committee was responsible for monitoring the effectiveness of the Council's risk management arrangements.

The Committee noted that the savings and initiatives were being explored to close the budget gap and these were being considered by the Advisory Group and would be presented to Council in October by the Cabinet Member for Efficiency and Taxation.

Members expressed their concern in respect of CCR21: There was no formal system in place for calling out staff if an incident arose. The Director of Corporate Resources explained that this area was under review, following that feedback would be available.

RESOLVED

- (i) That the revised Corporate Risk Register be approved.
- (ii) That the progress made in respect of the departmental risk registers be noted.

AAG/23 Risk Management – Quarterly Update Report (cont.)

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/24 **URGENT MATTERS**

There were no urgent matters to be considered.

The meeting finished at 4.59pm having commenced at 3.00pm.

**CHAIRMAN**