

MINUTES

GOVERNANCE AND AUDIT COMMITTEE MONDAY, 23 JULY 2012



COMMITTEE MEMBERS PRESENT

Councillor Trevor Scott
Councillor Rob Shorrocks
Councillor Ian Stokes (Chairman)

Councillor Adam Stokes
Councillor Martin Wilkins
Councillor Rosemary H Woolley

OFFICERS

Head of Finance (Richard Wyles)
Finance Support Manager (David Scott)
Principal Democracy Officer (Jo Toomey)

AUDIT

Rob Barnett (RSM Tenon)

14. MEMBERSHIP

The Committee was notified that Councillor Adam Stokes would be substituting for Councillor Bevan for this meeting only.

15. APOLOGIES

An apology for absence was received from Councillor Thompson.

16. DISCLOSURE OF INTERESTS

No interests were disclosed.

17. MINUTES OF THE MEETING HELD ON 29 JUNE 2012

The minutes of the meeting held on 29 June 2012 were proposed, seconded and agreed as a correct record.

18. UPDATES FROM PREVIOUS MEETING

A question was raised in respect of the Council's MOT service and its compliance with Vehicle and Operator Services Agency regulations. The Head of Finance said that he would e-mail a reply on behalf of the service to

members of the Committee.

19. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit progress report was summarised for the Committee. Two final reports had been issued: elections and licensing. Both audits were given the highest level of assurance. A total of 5 recommendations were made across the two reviews, all of which were accepted by management. Four low risk recommendations were made in respect of elections, while one medium risk recommendation was made in respect of licensing.

There had been two changes to the internal audit work programme, with the addition of two reviews: a three day audit on the bookings systems at the arts centres and a seven day review of the responsive repairs process and procedures. Resourcing for both additional pieces of work came from the Council's contingency budget, which left 7 days unallocated.

Mr Barnett explained that any 'red' assurances were reviewed quarterly. The outcome of these reviews would be reported to the Committee.

20. STATEMENT OF ACCOUNTS 2011/12

The Head of Finance presented report number HOF202 on the Draft Statement of Accounts for 2011/12 and summarised the draft statement, which was attached to the report as Appendix A.

It was within the terms of reference of the Committee to approve the statement of accounts on behalf of Council. The Committee would be required to approve the accounts at its next meeting on 25 September 2012 after the audit work is completed.

The Audit Commission started its review of the Accounts on 9 July 2012 and was expected to conclude the majority of the work by 5 August 2012. The accounts had been compiled in accordance with the statutory framework.

The key components within the statement of accounts were:

- Movement in reserves
- Comprehensive income and expenditure statement
- Balance sheet
- Cash flow statement
- Housing Revenue Account
- Collection fund

The statement of accounts also included an explanatory foreword and a glossary of terms.

Both the Cashflow statement and collection fund had been audited at the time

of the meeting and it was pleasing to note that no significant errors or discrepancies were identified. The audit of the movement in reserves and the income and expenditure statement was underway.

The Head of Finance highlighted key features within the draft Statement of Accounts:

- Self-financing arrangements for the Housing Revenue Account (HRA), which took effect for the 2012/13 financial year was included because the transaction took place in March 2012.
- The self-financing of the HRA had an impact on the Movement of Reserves Statement and the balance sheet and also affected the Council's net worth.
- The income and expenditure statement showed a deficit of £128m because of the self-financing of the HRA and actuarial losses and gains.
- The self-financing of the HRA had a material impact on the balance sheet, which also showed the reduction of reserves.
- The cash flow statement was split between revenue and capital and gave the net position of the authority at the end of the financial year. Conversations had taken place with the auditors regarding differences in presentation for cash and cash equivalents; this was a result of changes in the nature of money market funds in which the Council had invested.
- The HRA statement and its income and expenditure statements were both affected by self-financing arrangements.
- There were no entries that needed to be brought to members' attention in respect of the collection fund; however the collection fund would differ from 2013/14 due to the localisation of Council tax benefit.

Committee members questioned the consistency of presentation within the documents; in some instances brackets were used to denote a deficit, while in other parts of the draft statement they denoted a surplus position. Councillors asked whether this could be adjusted to make it easier for readers to understand. If the use of brackets could not be standardised because of accounting requirements, it was suggested that an explanation should be included.

Councillors requested that on page 13, line 1 it should be made clear that the Corn Exchange is in Bourne.

The wording of the explanatory foreword was questioned. Committee members felt that requirements for the self-financing of the HRA should be more clearly explained to help the understanding of members of the public.

A typographical error was highlighted on page 113 under the 'Contingent Liabilities' heading.

The Head of Finance explained that the glossary constituted a key part of the document in helping the understanding of members of the public. He asked the

Committee to consider the glossary before its meeting on 25 September 2012 to make sure that any phrases they might not understand in the statements were included in the glossary and that they were explained in sufficient detail.

The draft Annual Governance Statement was approved at the Committee's meeting on 29 June 2012 and would be formally approved with the statement of accounts on 25 September 2012. The Auditor's report would not get included in draft form until the audit was completed. The Auditor was expected to attend the Committee's meeting on 25 September 2012.

21. CLOSE OF MEETING

The meeting was closed at 13:36.