

# MINUTES

GOVERNANCE AND AUDIT  
COMMITTEE  
TUESDAY, 23 JULY 2013



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## COMMITTEE MEMBERS PRESENT

Councillor Jean Bevan (Vice-Chairman)  
Councillor Trevor Scott  
Councillor Rob Shorrocks  
Councillor Ian Stokes (Chairman)

Councillor Jeff Thompson  
Councillor Martin Wilkins  
Councillor Rosemary H Woolley

## OFFICERS

Strategic Director – Corporate Focus  
(Daren Turner)  
Head of Finance (Richard Wyles)  
Senior Accountant (Gill Goddard)  
Principal Democracy Officer (Jo Toomey)

## OTHER MEMBERS

Councillor Mike Taylor (Portfolio Holder:  
Strategic Resources – Well Run Council)

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## 14. DISCLOSURE OF INTERESTS

No interests were disclosed.

## 15. MINUTES OF THE MEETING HELD ON 27 JUNE 2013

The minutes of the meeting held on 27 June 2013 were proposed, seconded and agreed as a correct record.

## 16. DRAFT STATEMENT OF ACCOUNTS 2012/13

Prior to consideration of the draft Statement of Accounts, the Head of Finance gave a presentation which began by reminding the Committee that it was charged with governance responsibilities on behalf of Council, including the approval of Statement of Accounts 2012/13.

The presentation also summarised the process for the approval of the Statement of Accounts. The Section 151 Officer was required to sign-off the accounts by the end of June. Historically there had been a requirement that the audit committee consider the draft Statement of Accounts. While the

requirement had been removed, consideration of the draft by the Governance and Audit Committee was continued as good practice.

External audit had begun their consideration of the accounts on-site between 1 July 2013 and 10 July 2013. Audit inspection work would continue off-site until mid-September 2013. Officers reported that from their perspective the transition of the external audit function from the Audit Commission to KPMG had been relatively smooth. Reports to date indicated external audit were satisfied with the composition of the draft Statement of Accounts. However it was noted that until the audit was formally completed then further changes may be required.

It was still a statutory requirement that a notice should be published stating the accounts were available for public inspection. No requests to view the accounts had been received at the date of the meeting. It was noted that the accounts would be available to view until the 31 July 2013.

The final version of the Statement of Accounts would be presented to the Committee at its meeting on 26 September 2013. It would incorporate any changes or adjustments identified from the Committee's consideration of the draft and external audit's inspection.

The presentation also provided a brief explanation of the core statements which were required for all councils (Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cashflow Statement and explanatory notes) and supplementary statements which were determined by the type of authority (Housing Revenue Account, Movement on the Housing Revenue Account Statement, Collection Fund, a detailed explanatory foreword and the Annual Governance Statement).

A summary of the accounts would be produced for publication. It was hoped the draft document would be available for the Committee's meeting on 26 September 2013.

In presenting report number HOF243, the Head of Finance explained that since the circulation of the draft Statement a number of small modifications (mostly typographical and presentational) had been noted by KPMG. He assured members that the audit had not, up to the time of the meeting, revealed anything of a significant or material nature.

Members were asked to consider whether the explanatory foreword reflected the financial year, was informative to the reader and was helpful in gaining an understanding of the financial year.

The Committee went through the draft Statement of Accounts thoroughly and raised a number of suggestions and queries as listed below:

- Discussion around the KiNG 31 development and overall consensus that the reference in report was a statement of fact and therefore should

remain in the Introduction section.

- The source of any statistical information included in the document should be referenced where possible
- Page 6 – page numbers for glossary to be completed when the auditor’s report has been added.
- Page 8, markets – consider the wording of the paragraph to make it clearer that the figures quoted (Stamford £11k and Grantham £12k) are variances from the levels originally budgeted. Page 8 – clarify that the Corn Exchange referred to is in Bourne.
- Page 8 – underspends which funded redecoration and improvement works at Stamford Arts Centre derived from services across the authority.
- Page 8 – The document referred to increased ticket sales for arts and cultural events but did not provide a comparator figure from 2011/12.
- Page 10, Langtoft Special Expense Area (SEA) – the pavilion in Langtoft had been revalued however no change was reflected in the SEA. The revaluation caused the capital charge allocation to vary. It was charged above the line to show the true costs of the expense then reversed back out.
- Page 10, year end set-asides – it should be made clear that there were strict criteria that were followed in determining whether to allow set asides. Spending must be related to specific projects and meet prescribed timescales. Set asides could also be used to smooth significant variances that would otherwise have had an impact on council tax payers.
- Page 13 – amend BIC to Business Innovation Centre.
- Page 44, property, plant and equipment – concern was expressed about the depreciation of assets. Officers confirmed that note 5a was not a policy statement but drew the reader’s attention to the Council’s finite resources.
- Page 45, note 7 – it was suggested note 7 should refer to the further investment made in the Local Authority Mortgage Scheme agreed by Council at its meeting on 11 July 2013. Discussion ensued as to whether this constituted a material amount that affected the interpretation of the accounts. Officers expressed their opinion that the further extension of the LAMS scheme was a variation of the investment strategy and therefore had no material impact on the Accounts.
- Page 79, note 30 – amend typo so that the first line of the table reads “The letting of Industrial Units located within the district”.
- Page 80, note 32 – details of allowances paid to members of the Council would be published following the completion of the audit.
- Page 85, capital expenditure and capital financing – add Major Repairs Reserve (MRR) to the glossary.
- Page 103, financing capital expenditure – a sum of £68k should be shown against ‘plant and equipment’, making expenditure £4836k not £4768k. Page 104, Housing Revenue Account Subsidy – the penultimate line in the table should be amended to read “Housing

Subsidy receivable/(payable) for the year".

- Page 121, paragraph 5 – amend the second sentence to read: "A joint customer access point has been set up with partners in Bourne..."

During discussion of the document, officers were asked whether reductions in reserves caused them concern. Officers explained that the authority was not using reserves to support the General Fund or the HRA. Instead it was being used to support delivery against the Council's priorities, particularly capital projects.

Members noted that all revaluations undertaken by the district valuer were based on tables that took account of national economic and geographical factors. They also took account of opportunities for Right to Buy as part of the social housing valuation.

The Committee also briefly discussed what savings had been achieved by buying a fuel tank and how the authority ensured it got the best price when buying fuel.

Some concern was expressed by members around matching bad debtors against new applicants for council housing. Variations in data meant that checks of applicants against bad debtors did not always correlate.

### **Action Point**

**The Committee give consideration for an audit of the lettings policy by Internal Audit as part of their annual action plan.**

The Strategic Director, Corporate Focus, together with members of the Committee, thanked the officers who had put together the working papers and the draft Statement of Accounts.

## **17. CLOSE OF MEETING**

The meeting was closed at 15:53.