



MINUTES

CONSTITUTION AND ACCOUNTS COMMITTEE

WEDNESDAY, 20 SEPTEMBER 2006

COMMITTEE MEMBERS PRESENT

Councillor Mrs. Linda Neal (Chairman)
Councillor Mike Exton

Councillor Frank Turner
Councillor John Wilks

OFFICERS

Corporate Head of Finance and Resources
Solicitor to the Council/Monitoring Officer
Assets and Facilities Manager
Procurement Officer
Democratic Officer
District Auditor – Neil Bellamy
Simon Lacey

OTHER MEMBERS

Councillor Stan Pease
Councillor Gerald Taylor

17. MEMBERSHIP

The Committee were notified that Councillor Exton was substituting for Councillor Lovelock and Councillor Turner was substituting for Councillor Martin-Mayhew for this meeting only.

18. APOLOGIES

An apology for absence was received from Councillor J Hurst.

19. DECLARATIONS OF INTEREST

None received.

20. MINUTES OF MEETING HELD ON 29TH JUNE 2006

The minutes of the meeting held on 29th June 2006 were confirmed as a correct record of the decisions taken.

21. AUDIT REPORT ON CLOSURE OF ACCOUNTS 2005/2006

Decision

To note the Audit report on the Closure of Accounts 2005/06.

The District Auditor, Neil Bellamy began by stating that since the last audit a new international audit standard had been set and this was the reason for the

report coming back to the Council, it was for technical purposes. He referred members to page 4 of the report. This gave members the purpose of the report and its scope. In undertaking the audit the auditors had to comply with the Audit Commission's Statutory Code of Audit Practice for Local Government bodies (the Code). The responsibilities are to review and report on, to the extent required by the relevant legislation and the Code: the Authority's financial statement and whether the Authority had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A number of reports had been issued during the year on specific aspects of the audit programme. He then referred members to page 7. On the basis of the work they had undertaken they were in a position to give an unqualified audit opinion. He was satisfied that the recent issue of the Council's pension scheme and the lawfulness of one aspect of the scheme would not have a material effect on the Council's accounts, however until a review of the cases had been carried out and he had had the opportunity to review the review, he was not able to close the audit. The accounts could be signed off but not the audit. He then briefly went through paragraphs highlighting to members' areas that although they had to be reported, the auditors had nothing to report. He said that it was fair to say that the closure of accounts this year was much improved on the previous year. He then drew members' attention to paragraph 26 of the report which was a key paragraph and dealt with the letter of representation. This was written assurance from the Section 151 Officer that the auditors had been given all the facts in order to carry out their audit. A text of the letter required was appended to the report. The committee was happy for the Corporate Head of Finance and Resources to sign the letter of representation. The report then went on to discuss the Council's use of resources. The Code required the auditors to reach a conclusion on whether they were satisfied that the Authority had proper arrangements in place for securing economy, efficiency and effectiveness in its use of its resources, they had completed their work and had nothing to report to the committee. The auditors concluded by thanking the Corporate Head of Finance and Resources and her team for all the work that had been undertaken in order to be in the current position. The council showed a positive constructive approach and the self-assessment of the Council would be looked at in November- January this year with the reporting in the annual audit letter in March. The Chairman indicated that although she was not expecting a scoring of 3 across the board, she hoped that as the Council had made resources a category A priority they would be able to make progress towards scoring the higher end of 2 and maybe some 3's.

Questions were then asked about the pensions issue and the money involved to which the Corporate Head of Finance and Resources replied. The Monitoring Officer stated that although the issue of the pension scheme was in the public arena, members should be cautious about discussing repayments and claims.

22. TREASURY MANAGEMENT ACTIVITY 2005/2006

Decision

That the Constitution and Accounts Committee note the report on

Treasury Management Activity for 2005/06.

The Corporate Head of Finance and Resources referred members to report CHFR19 that had been circulated separately. Treasury Management was the term used to cover the Council's borrowing and investment strategies. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice on Treasury Management; this was designed to ensure that responsibilities are clearly understood and that reporting mechanisms are in place to provide evidence of prudential management. The Corporate Head of Finance and Resources briefly went through the report highlighting areas of interest to the Committee. She referred to the two brokers which the Council worked with on their financial reserves, Tradition (UK) Ltd and Sterling International Brokers Ltd and the interest rates which the council currently had on their short term interest rates (4.8%) and long term interest rates (5.09). Activity that was undertaken in 2005/06 included 40 short-term fixed deposits of between £250,000 to £5million with £1.25 million of deposits lent out as at 31 March 2006. Deposits were restricted to five banks/building societies and these were outlined in the report. During the year 45 deposits and 56 withdrawals were made on the account where funds for immediate access were placed. At the end of March 2006 the managed cash funds stood at £28 million. The Corporate Head of Finance and Resources referred to an issue raised by the auditors that concerned the amount of money held in the account at the end of the financial year. It was suggested that the council should better manage these funds, keeping as little as possible in the account. In order to facilitate this it was proposed that a post of Exchequer Team Leader be advertised. This person would have a day-to-day responsibility on looking at cash flows in and out of the Council and making the best use of those funds available. A future review of the Treasury Management strategy was planned with help and advice being sought from the Council's retained Treasury Management specialists, Butlers.

Questions were asked about the new Exchequer Team Leader post and advertising such posts and resources in general to which the Corporate Head of Finance and Resources replied. Members were happy to note the annual report on the Treasury Management 2005/06.

23. CONTRACT PROCEDURE RULES

Decision

The Constitution and Accounts Committee recommends that:

- (1) The action notes from the Resources DSP and recommendations from the Contract and Tendering Report conducted by Price Waterhouse Coopers be accepted and***
- (2) Subject to (1) the revised Contract Procedure Rules be adopted and incorporated within the Council's Constitution.***

Members had been circulated with report AFM020 from the Assets and Facilities Manager. The Assets and Facilities Manager informed the Committee

that the Contract Procedure Rules had been revised to incorporate new EU legislation, South Kesteven District Councils' e procurement strategy and the management restructure. The draft document had been sent to various bodies for comment including the Centre of Excellence, the Portfolio Holder for Resources and the Resources DSP. Price Waterhouse Coopers had reviewed the final draft and their comments on the document were appended to the report for member's information. Members asked the officers involved if they were happy that the document was fit for purpose. The Assets and Facilities Manager said that he was confident that it was fit for purpose but that there would always be one or two exceptions, however the new document was more stringent than the old one. Members thanked all those involved for their hard work especially Julie Cant. It was proposed and seconded and agreed that the document be adopted.

The Corporate Head of Finance and Resources informed the Committee that although the document had not yet been to Council, the Service Manager training which was taking place shortly would involve training on the new contract procedure rules rather than the old ones to which the committee agreed that this was the way forward.

24. AMENDMENTS TO CONSTITUTION

Decision

That the Constitution and Accounts Committee recommends to Council that the requirement for all non key decisions taken by individual portfolio holders under delegated powers to be reported to the next available Cabinet meeting be deleted from the Constitution.

The Chairman informed the panel that this report had come before the Committee because often the Non Key Decisions (NKD's), which were reported at Cabinet, had been made the previous week or earlier and therefore the information was historical and often the call-in period for the NKD's had expired. Information about NKD's made was now available both pre-decision stage and on the day the decisions were published via the website. Those NKD's, which were actually made on the date of the Cabinet meeting, would still be able to be reported at Cabinet. The Monitoring Officer agreed that work was being duplicated and it would be sensible to delete the requirement from the Constitution. The proposal was moved and seconded and agreed.

25. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

None.

26. CLOSE OF MEETING

The meeting closed at 12.05pm.