

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 7 SEPTEMBER 2012 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr John Brady, Cllr Richard Britton, Cllr Nigel Carter, Cllr Peter Doyle, Cllr George Jeans, Cllr David Jenkins, Cllr Julian Johnson, Cllr Alan MacRae, Cllr Helen Osborn, Cllr Jeff Osborn (Substitute), Cllr Sheila Parker (Vice Chairman), Cllr Jane Scott OBE and Cllr Roy While (Chairman)

Also Present:

26 Apologies and Membership Changes

Apologies were received from Cllrs Mark Griffiths, Mark Packard and Pip Ridout.

Cllr Mark Packard was substituted by Cllr Jeff Osborn for this meeting only.

27 Chairman's Announcements

The Chairman informed the Committee that the report on IT Control Systems, referred to in the 'Report to those Charged with Governance' had been delayed until the next meeting of the Committee, 19 September 2012, so that the outcomes from discussions between the Council and KPMG on outstanding issues could be incorporated in the report.

28 Minutes of the Previous Meeting

The minutes of the meeting held on **20 June 2012** were presented, and it was,

Resolved:

To approve the minutes as a true and correct record.

29 **Members' Interests**

There were no declarations.

30 **Public Participation and Committee Members' Questions**

The Committee noted the rules on public participation. There were no submitted questions or statements.

31 **Report to those Charged with Governance**

The Committee considered the report which had been prepared by the Council's external auditor, KPMG. The report summarised the conclusions and key issues arising from the recent audit of the Council's financial statements and their assessments of the Council's arrangements to secure value for money in its use of resources.

The Chairman drew the Committees attention to the Accounts production and audit process (page 22 of the agenda) where KPMG stated 'The controls over the majority of the key financial system are generally sound and the Council has continued to evidence a strong financial reporting process'.

Chris Wilson, Partner, KPMG, led the Committee through the significant points of the report, of note were;

- Audit adjustments were made but these were technical adjustments, presentational points
- The Council had implemented all the recommendations from *ISA 260 Report 20010/11* in relation to financial statements
- The Council had made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.
- KPMG anticipated issuing an unqualified value for money audit opinion by 30 September 2012

Members were reassured and pleased by the quality of the accounts and supporting documentation and thanked the Finance team and the representatives from KPMG for their hard work in preparing the report.

Officers responded to a number of questions from Members including:

- Derecognising assets from the accounts relating to schools which became academies in the year.

- The future proofing of the Revenues and Benefits system provided by Northgate and the system's capacity to incorporate new legislation i.e. Universal Credit which is being rolled out by 2017
- Reasons for delays in asset disposals and the need to reclassify properties held for sale but not sold yet, with some requiring a revaluation.
- Issues with staff transferring to the South West Audit Partnership from the Council in November 2011 being resolved.

Resolved

- a) That the Committee receive the draft accounts for 2011/2012.**
- b) That the Chairman of the Audit Committee be authorised to sign the management representation letter.**

32 Annual Governance Statement

The Service Director of Law and Governance, Ian Gibbons, outlined the changes that had been made since the Audit Committee considered the draft Annual Governance Statement (AGS) on 20 June 2012. He informed the Committee that the AGS had been presented to both the Cabinet on 24 July and the new Standards Committee on 30 July 2012, and to KPMG the Council's external auditors. The AGS had been revised to reflect the comments made by these.

The Service Director confirmed that the AGS conformed to CIPFA guidance.

Councillor Doyle felt that the second bullet point on page 60 could be improved by adding the words 'The Council also recognises the existence of alternative models promoting community engagement'. Following discussion the Committee agreed that the words could be picked up in the AGS for 2012/13 rather than this current version.

Resolved

That the Annual Governance Statement 2010/11 for publication with the Statement of Accounts be approved.

33 Statement of Accounts

The Committee considered the report of the Service Director of Finance on the Council's Statement of Accounts 2011/12.

The report detailed the process and requirements for the production and publication of the annual Statement of Accounts and how the draft Statement was required to be certified by the Chief Finance Officer then subject to external independent scrutiny by the Council's appointed auditors – KPMG.

Michael Hudson, Service Director of Finance, explained that there were over a 100 pages relating the Statement of Accounts which also contained the accounts relating to the Pension Fund. The format of the accounts was in line with the requirements of the International Financial Report Standards (IFRS).

The Service Director acknowledged the efforts of his team and thanked them for their excellent work, in particular for preparing an easy to understand explanatory foreword. He also thanked KPMG for their comments on the quality of the accounts and supporting paperwork. He was pleased to announce that through the team and KPMG's endeavours, Wiltshire Council was now one of the first in the South West to sign off their accounts.

Members of the Audit Committee raised a number of issues over the presentation of the accounts which officers responded to in particular the following issues were raised:

- The savings on termination costs of £8,309,000 for 2010/11, detailed on page 93 of the report, had all been made within the 2011/12.
- The Governments recent announcement that they would hold a consultation about allowing homeowners and businesses, for a three-year period, to be able to build larger extensions without planning permission than they can at present would be looked at by the Council at the appropriate time. However the Development Control budget was currently in excess of income target.
- The reasons for an increase in long term borrowing and a reduction in net assets, page 82 of the report, were explained and included the Housing Revenue Account self financing loan, schools transferring to academy status, the revaluation of council dwellings and reclassification/reallocation of how they are shown in the accounts.
- Matthew Tiller, Chief Accountant spoke about the cost of holiday entitlements, page 98 of the report, and explained that these were technical accounting adjustments. The purpose of these was to make accounts comparable internationally.
- Reasons for a reduction in short term investments were explained.

The Leader of the Council, Councillor Jane Scott, thanked all officers involved in the preparation of the accounts for producing an easy to understand guide and congratulated them for achieving a balanced budget. The Leader suggested that an Executive Summary should be prepared for publication on the Council's website and distribution to libraries, Area Boards and Town and Parish Councils.

Resolved

- a) That the draft Statement of Accounts for 2011/12 be received**

- b) That the Audit Committee Chairman be authorised to sign the letter of the Statement of Responsibilities for the Statement of Accounts
- c) That all Council Officers and officers from KPMG be thanked for the excellent work in preparing the Statement of Accounts for 2011/12
- d) That the Service Director of Finance be asked to liaise with the Service Director of Communications on the production of an Executive Summary of the Statement of Accounts for 2011/12 for publication on the Council's website and distribution to Libraries, Area Boards and Town and Parish Councils

34 **Appointment of Representative on the Focus Group on the Constitution**

Resolved:

That Councillor Peter Doyle be nominated as the Committee's representative on the Focus Group on the Constitution for the remainder of the municipal year.

35 **Forward Work Programme**

Resolved:

That the Committee's Forward Work Programme for August 2012 to November 2012 be noted.

36 **Date of next meeting**

The next meeting will take place on 19 September 2012, in the Council Chamber, Monkton Park starting at 10.30am

37 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 - 11.20 am)

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