

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

7 August 2018

* Councillor Richard Billington (Chairman)
Councillor Alexandra Chesterfield (Vice-Chairman)

Councillor Nils Christiansen	* Mrs Maria Angel MBE
* Councillor Colin Cross	* Mr Charles Hope
Councillor Andrew Gomm	Ms Gerry Reffo
Councillor Mike Hurdle	* Mr Ian Symes
* Councillor Nigel Kearse	

*Present

Councillors Christian Holliday, David Quelch, and David Reeve, were also in attendance.

CGS21 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Alexandra Chesterfield, Nils Christiansen, Andrew Gomm, and Mike Hurdle, and from Ms Gerry Reffo.

Councillors Christian Holliday, David Quelch, and David Reeve attended as substitutes for Councillors Chesterfield, Christiansen, and Hurdle respectively.

CGS22 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS23 AUDIT FINDINGS REPORT 2017-18

The Committee considered the Audit Findings report from the Council's external auditors (Grant Thornton), which set out their opinion on the Council's Financial Statements for 2017-18, and gave a conclusion on the Council's arrangements for ensuring value for money in the use of resources.

The audit of the 2017-18 accounts was now complete and the independent auditor had indicated that they intended to issue an unqualified opinion on the financial statements, which the Chief Finance Officer would re-certify in accordance with the Accounts and Audit Regulations 2015 immediately after the Committee meeting. The auditors had issued an Audit Findings report, which was included as Appendix 1 to the Committee Report, together with a management action plan (Appendix A to the Audit Findings Report).

The auditors had found one material misstatement relating to Onslow Park and Ride which affected the primary financial statements but not the overall financial position of the Council. This was a complex accounting issue that had been amended in the accounts. The auditors had also found two omissions, one relating to the depreciation on the crematorium not being written back to gross cost at the point of revaluation and £3.414 million of capital assets classified as operational assets but should be assets under construction (and therefore non-operational). There were also some minor changes that were not individually significant enough to warrant separate disclosure in the findings report.

The auditors had proposed to give an unqualified Value for Money conclusion. Their recommendations relating to value for money were included in the action plan. The key points related to the medium term financial plan and the general fund capital programme.

The Chairman of the Corporate Governance and Standards Committee was required to issue a letter of representation on behalf of the Council to the auditors to provide assurance over the

management framework operating at the Council and the disclosures in the accounts. A copy of the proposed letter was attached as Appendix 2 to the Committee Report.

The Committee

RESOLVED:

- (1) That Grant Thornton's Audit Findings report attached as Appendix 1 to the report submitted to the Committee, and the management responses provided in the action plan (as set out in Appendix A to Appendix 1) be noted.
- (2) That the letter of representation, as set out in Appendix 2 to the report, be approved, and that the Chairman be authorised to sign the letter on the Council's behalf.

Reason:

To allow the external auditor to issue his opinion on the 2017-18 accounts.

CGS24 AUDITED STATEMENT OF ACCOUNTS 2017-18

Following consideration of the draft statement of accounts for 2017-18 at its meeting on 14 June 2018, the Committee now considered the Audited Statement of Accounts for 2017-18. The Audit Findings report had covered the changes made to the accounts between the draft accounts, issued on 31 May 2018 and presented to this Committee on 14 June, and the audited accounts. The audited accounts, a copy of which was attached at Appendix 1 to the covering Committee report, included the changes.

The Committee noted that the external auditors (Grant Thornton) intended to issue an unqualified opinion on the financial statements.

In order to comply with the Accounts and Audit Regulations 2015 the statutory Statement of Accounts required approval by 31 July. This was two months earlier than in previous years. A complex technical accounting issue had arisen towards the end of the audit in respect of the accounting treatment of the lease for Onslow Park and Ride and its subsequent valuation in the Council's accounts. The Director of Finance and the Associate Audit Director (Grant Thornton) had agreed a resolution to the matter, but the tight deadline meant it was not possible to make the required adjustments in time for the 26 July 2018 meeting of the Committee to approve the accounts. Consequently, this special meeting of the Committee had been convened to approve the revised Statement of Accounts for 2017-18.

Comments from the Committee raised the following points:

- The external auditors and the Director of Finance confirmed that the level of redundancy payments referred to in the Statement of Accounts were in accordance with the Council's Redundancy Policy
- The income and expenditure relating to The Village project fell within the Comprehensive Income and Expenditure Statement, and the details had been reported to the Committee throughout the year via the Financial Monitoring reports
- It was confirmed that, following a review by the HR Manager, nobody working for the Council would fall foul of the IR35 employment rules and expenditure on any self-employed persons or companies engaged by the Council fell within "Other services expenses", rather than employee expenses in the Expenditure and Income Analysed by Nature.
- The Director of Finance stated that the Balance Sheet had shown a more negative view of the pension liability (£90.2 million) than had been shown by the Pension Actuary in the last triennial valuation (estimated at £75 million)
- In relation to key performance indicator no. 4 – Benefit Overpayments recovered, the Director of Finance would confirm the overpayments recovered as a percentage of the total benefit overpayments outstanding.

Having considered the Statement of Accounts for 2017-18, the Committee

RESOLVED:

- (1) That the audited Statement of Accounts for 2017-18, as set out in Appendix 1 to the report submitted to the Committee, be approved.
- (2) That the Chairman of the Committee be authorised to sign the official copy of the accounts to state that they are approved.

Reason:

To approve the Statement of Accounts for 2017-18.

The meeting finished at 8.15 pm

Signed

Chairman

Date