

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE

Minutes of a Special Meeting of the Resources and Performance Panel – Audit and Risk Committee held on Tuesday 11 September 2012, at 6.45 pm, in the Committee Suite, King's Court, Chapel Street, King's Lynn.

PRESENT:

Councillors P Beal (Chairman), C Manning (Vice-Chairman),
D Collis (sub for Mrs M Wilkinson), J Collop, Mrs S Collop,
H Humphrey, J Loveless, D Tyler,
A White and T De Winton

Portfolio Holders:

Councillor N Daubney, Leader and Portfolio Holder for Resources

Also present:

Clive Everest and Alison Ridley, PricewaterhouseCoopers LLP

Apologies for absence were received from Councillors C J Crofts,
A Morrison, Mrs M Wilkinson and A Wright

ARC41: DECLARATIONS OF INTEREST

There were none.

ARC42: URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business to report.

ARC43: CHAIRMAN'S CORRESPONDENCE

The Chairman had no correspondence to report.

ARC44: STATEMENT OF ACCOUNTS 2011/2012 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA (UK&I) 260)

The Chief Accountant presented a report that introduced the Statement of Accounts (SOA) 2011/2012 – essentially the Statement was the final accounts set out in a format which included the Council's balance sheet and associated notes. The report also considered the report from the auditor on the audit for the accounts 2011/2012 – the International Auditing Standard (ISA 260).

Clive Everest and Alison Ridley, PricewaterhouseCoopers LLP presented the ISA 260 report. It was explained that the auditors had continued to work with officers since the draft report had been prepared on 22 August 2012 and updated Members on the issues highlighted in the report. These included archive documents, museum assets, valuation of property, valuation of assets and liabilities in relation to the Local Government Pension Scheme, provision of bad debts and national non-domestic rates (NNDR) income. It was noted that there was still some work to be completed but no further difficulties were foreseen.

At certain points in the report, the auditor asked the Committee to consider various matters included the level of debts provision, an amendment on NNDR and the independence and objectivity of the auditor. All items were agreed as acceptable to the Committee.

The Committee was invited to ask questions or make comments during the presentation, a summary of which is set out below.

Councillor De Winton asked why the new approach had been taken with regard to valuation of assets, as there was no likelihood of liquidating these assets but was likely to increase insurance premiums. Mr Everest explained that this was an accounting standard which applied across the public sector. The Council could consider the cost/benefit of undertaking this work and at what level.

The Executive Director, Finance and Resources acknowledged that there was an insurance issue to be considered, particularly the risk to major assets. He confirmed that a desktop update had been carried out by an independent valuer at a cost of £500.

With regard to museum assets, Mrs Ridley advised that the Council had taken the view that cost of obtaining independent advice would not be beneficial and the auditors were seeking advice on how this should be reported. She indicated that they were likely to state that the value shown covered a significant number of individual items.

Councillor De Winton commented that with regard to provision for bad debts, he was comfortable with an overprovision in the budget rather than having to ask for more money to cover write-offs.

Members' attention was drawn to the summary of mis-statements and it was noted that the total had been amended to £38,000. The Executive Director, Finance and Resources advised that it was proposed not to update the accounts for 2011/2012 but to make adjustments during the current year. Members agreed with their approach.

Mr Everest advised that an amended report would be presented to Cabinet and a final version issued when the accounts were signed. In response to a question from Councillor De Winton, Mr Everest confirmed that the auditors expected to give an unqualified opinion on the accounts.

RESOLVED: That Cabinet be advised that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as set out in the report to Cabinet as follows:

It is recommended that Council approves the Statement of Accounts for 2011/2012 and notes the comments of the auditor in the ISA260.

ARC45: **ANNUAL GOVERNANCE STATEMENT 2011/2012**

The Chief Executive presented a report that proposed the approval of the Council's Annual Governance Statement for the year 2011/2012. Once a year a review must take place of the effectiveness of the systems of internal control and an Annual Governance Statement (AGS) (formerly the Statement of Internal Control) must accompany the Statement of Accounts.

In response to a question from Councillor Loveless relating to follow up audit on 'Effective Management of Assets' undertaken in 2011, the Executive Director, Finance and Resources advised that some recommendations had been implemented immediately. Some recommendations were looking for perfection and were not considered to be appropriate. It was believed that the results of the work undertaken had previously been reported to the Panels. The Executive Director, Finance and Resources undertook to check and report back to Members.

RESOLVED: That Cabinet be advised that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as set out in the report to Cabinet as follows:

It is recommended that the Annual Governance Statement for 2011/12 be approved for adoption and the Leader of the Council and the Chief Executive sign accordingly.

ARC46: **DATE OF NEXT MEETING**

Committee Members noted that the next ordinary meeting of the Resources and Performance Panel – Audit and Risk Committee was scheduled to take place on 25 September 2012.

The meeting closed at 7.28 pm