

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

CABINET SCRUTINY COMMITTEE

**Minutes of a Meeting of the Cabinet Scrutiny Committee
held on Thursday 22nd September 2011 at 6.00pm
in the Committee Suite, King's Court, Chapel Street, King's Lynn.**

PRESENT:

Councillors I Gourlay (Chairman)
B Ayres, J Collop, G Howman, D Johnson (substitute A Lovett),
I Mack, G Sandell, M Tilbury and T Manley.

Other Member Present:

Councillor N Daubney, Leader & Portfolio Holder for Resources.

An apology for absence was received from Councillor A Lovett.

CSC30: MINUTES

The minutes of the meeting held on 24th August 2011 were agreed as a correct record and signed by the Chairman.

CSC31: URGENT BUSINESS UNDER STANDING ORDER 7

There was none.

CSC32: DECLARATIONS OF INTEREST

There was none.

CSC33: MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There was none.

CSC34: CHAIRMAN'S CORRESPONDENCE

There was none.

CSC35: RESPONSE TO PREVIOUS COMMITTEE RECOMMENDATIONS

(a) King's Lynn Town Hall

Cabinet Scrutiny Recommendations:

- 1) That subject to Stage I application to Heritage Lottery Fund being approved, a full and extensive consultation should be carried out with key stakeholders.

- 2) That the Policy Review and Development Panels be fully involved in the consultation on the proposals.
- 3) That subject to the Stage I application being approved, a Special Council meeting be held to allow all Members to debate the proposals for Stage II.

Cabinet Response:

- 1) That recommendations 1 and 2 be accepted.
- 2) That recommendation 3 not be accepted but, in the event that Stage I be accepted and progressed to Stage II, the Chief Executive be asked to hold a pre-Council briefing for all Councillors setting out the proposals.

Councillor Collop stated that he was not content that the Committee had scrutinised the item prior to Cabinet making their decision and requested that their response be scrutinised at this meeting given that the Cabinet had not accepted the Committee's recommendation to hold a Special Council meeting.

The Chief Executive explained that subject to the Stage I application being approved, a briefing would be offered for all Councillors when the proposals were at a formative stage. All Councillors would also have an opportunity to debate the proposals when they were considered at the appropriate Full Council meeting. Councillor Collop further stated that he wanted the item on the Agenda for this evening meeting in order to give the Committee an opportunity to scrutinise the Cabinet's response to their recommendations.

The Executive Director, Central Services, explained that the advice from the Monitoring Officer had been that as the matter had already been scrutinised, further scrutiny through the call-in procedure would be deemed unnecessary.

Councillor Collop stated that he did not wish to call-in the decision but wanted to scrutinise Cabinet's response.

The Vice-Chairman explained that the Committee had scrutinised the Cabinet's decision and subsequently made recommendations to which the Cabinet had responded. This concluded the process and the powers of the Committee. He suggested that further clarification maybe beneficial and it was agreed that officers would discuss the issue with the Chairman and Vice-Chairman.

CSC36: MATTERS CALLED-IN PURSUANT TO STANDING ORDER 12

There was none.

CSC37: **STATEMENT OF ACCOUNTS 2010/2011 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260 (UK & I))**

The Chairman referred to the minutes of the Audit and Risk Committee in which it had been highlighted that two members of staff within the accountancy department were currently on maternity leave and that one member of staff had left earlier than anticipated. He also referred to the difficulties that had been experienced in preparing the accounts and the statement that lessons had been learnt and requested clarification as to exactly what lessons had been learnt.

The Leader reminded the Committee that their remit was to scrutinise Cabinet's decisions. The Cabinet had been happy to approve the Statement of Accounts for 2010/11 and had also granted authority for any changes required be delegated to the Deputy Chief Executive. The Auditors were also content with the Statement of Accounts. The staffing issues and decisions raised by the Chairman, were made by Management Team and not Cabinet and therefore it was not appropriate for the Committee to scrutinise them.

Councillor Collop referred to the ISA260 report in which the Auditors had stated that the quality of the working papers provided for audit was not to an appropriate audit standard in some cases and that difficulties had been experienced which had resulted in a significant amount of additional time required by the auditors to complete their work which would result in additional fees being incurred. He acknowledged the response provided by the Deputy Chief Executive at the meeting of the Audit & Risk Committee but stated that proper answers were required as to how this could be stopped from occurring again. The Chairman reiterated his request for further explanation of what lessons had been learnt.

The Deputy Chief Executive stated that two officers within the accountancy department were on maternity leave but staffing numbers were not down. A decision had been made not to employ a sub contractor but to keep the work in-house in order to gain the knowledge and expertise to prepare future accounts. The working papers that had been produced were of a similar standard of previous years but the format was new and subject to prescription. It had been a learning process not just for staff within the accountancy department but also for the Auditors. In particular, the lessons that would prove valuable for next year were the quality of the working papers, the format and notes to the accounts and there would also be no requirement to reinstate the capital assets from 2007/08. A full staffing compliment would also be in place and the fact that both internal staff and the auditors would have had the experience of completing this year's Statement of Accounts in the new format.

The Vice-Chairman referred to the report to Cabinet (Bullet Point 3.3) which stated that major difficulties had been experienced with dealing

with the capital assets in terms of valuations and impairment. He also referred to the auditors concerns that community assets had not been valued consistently in previous years. In response, the Deputy Chief Executive explained that following the housing transfer, there were a number of parcels of land that the Council owned which had been valued at their amenity value and any community assets had been valued at their historic value. He advised Members that the Council would undertake a review of its community assets during 2011/12 and ensure that were valued consistently.

Councillor Collop stated that only three Members of the Audit & Risk Committee, from the fifteen Members, had raised questions on what was a very important part of the remit of the Committee. In relation to the additional auditor fees that had been incurred, Councillor Collop questioned where this money would be found from. The Deputy Chief Executive explained that at the meeting of the Audit & Risk Committee, it had been agreed that the External Auditor would attend a meeting of the Committee to provide information of the additional fees. He stated that funding had originally been allocated for the appointment of a contractor to undertake the work, however as this work had been undertaken in-house, the funding would be now be allocated and would cover the payment of any additional auditors fees that had been incurred.

The Chairman questioned why Members of the Cabinet had not raised many questions and debated the item in more detail before arriving at their decision. The Leader explained that the Cabinet had considered all the necessary information, including the minutes and recommendations of the Audit & Risk Committee, to inform their decision to approve the Statement of Accounts 2010/11.

Councillor Tilbury referred the fact that a full set of draft accounts had not been signed by the Deputy Chief Executive by the required deadline because of work had not been completed and questioned whether a representative from PricewaterhouseCooper (PwC) had attended the meeting and whether Cabinet were aware of this fact prior approving the Statement of Accounts.

The Deputy Chief Executive explained that Julian Rickett from PwC had attended the meeting of the Audit & Risk Committee. He acknowledged that the draft accounts had not been signed in accordance with the required deadline and also explained that there were one or two issues that required resolving at the time when the report was written, which was not unusual compared to previous years. The Cabinet had granted delegated authority to the Deputy Chief Executive to authorise any such amendments to the accounts and these would be outlined to Members at the meeting of Full Council on 29th September 2011.

Councillor Collop stated that he could see no explanation in any of the documentation as to where the funding would come from to meet the additional auditor's fees that had been occurred and questioned how

Cabinet could make their decision in light of this. The Leader explained that the Cabinet were well aware of where the money would come from to meet the additional fees as well as the reasons why the additional work had been required.

The Chairman questioned again how the absence of two members of staff of maternity leave had been covered. The Executive Director, Central Services explained that it was an operational decision and not one made by the Cabinet and therefore it was not appropriate for the Committee to scrutinise the issue.

The Vice-Chairman explained that he had examined closely the minutes of the meeting of the Audit & Risk Committee and stated that they were a number of areas that were not questioned by Members and that the issue of capital assets was not documented in the report to Cabinet. He raised concerns that unless the minutes of the Audit & Risk committee fully documented the questions asked and the responses received, it weakened the audit and accountability process.

The Deputy Chief Executive explained that the Audit & Risk Committee minutes were not a verbatim account of the meeting but the issue of capital assets in terms of valuation and impairment had been raised and discussed. The reason as why the External Auditor would not expect a revaluation exercise to be undertaken on the value of community assets had been outlined to the Audit & Risk Committee and they were also advised that the Council would undertake a review of its community assets during 2011/12 to verify the appropriateness of the revaluation and ensure that all community assets were valued consistently on the basis of historical costs.

Councillor Collop referred to the Special Cabinet meeting held on 20th September 2011 which had considered the Statement of Accounts 2010/11 and had lasted twenty two minutes at which there had been only two or three questions, two of which had been from the same Councillor and questioned whether the minutes were a true reflection of the meeting. The Leader stated that verification of the minutes would be at the next meeting of the Cabinet. The Chairman, who had attended the Cabinet meeting as an observer, stated that in his opinion, it was a reasonable account of the meeting.

The Chairman questioned why the Cabinet Members had not questioned and delved deeper into the report, it had really only been Councillor Beales who had raised questions. The Leader, in response, questioned whether the Chairman was accusing the Cabinet of incompetence. The Chairman stated he was trying to raise questions under the constraints of Standing Orders and was not accusing the Cabinet.

CSC38: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

The Committee noted the Portfolio Holders' decisions made under delegated powers in relation to the Financial Assistance Capital Grants and Financial Assistance Revenue Grants. It was explained that copies of the reports were available on Insite, however it was requested and agreed that in future hard copies be made available to Members of the Committee.

Councillor Collop raised the issue of further training and clarity of the remit and powers of the Committee and requested that this be provided internally by the Monitoring Officer, particularly in light of a number of new Members having been appointed. It was acknowledged that a previous training session had been provided which had covered both the Policy and Review Panels and Cabinet Scrutiny, however further clarity was required.

Councillor Howman suggested that the Terms of Reference of the Committee needed to be reviewed.

It was agreed that officers would arrange for a training session to be provided by the Monitoring Officer and discuss this with the Chairman and Vice-Chairman.

CSC39: **DATE OF NEXT MEETING**

It was noted that the next meeting of the Committee was scheduled to be held on Wednesday 19th October 2011 at 6pm.

Meeting closed at 6.50pm