

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

CABINET

**Minutes from the Meeting of the Special Cabinet held on
Tuesday, 20 September 2011 at 5.30 pm in the Committee Suite, King's
Court, Chapel Street, King's Lynn**

PRESENT: Councillor N J Daubney (Chairman)
Councillors A Beales, Lord Howard, B Long, Mrs E Nockolds,
and Mrs V Spikings.

Apologies for absence were received from Councillor D Pope.

CAB72: URGENT BUSINESS

There was no urgent business.

CAB73: DECLARATIONS OF INTEREST

None.

CAB74: CHAIRMAN'S CORRESPONDENCE

None.

**CAB75: MATTERS REFERRED TO CABINET FROM COUNCIL
BODIES**

**Resources and Performance: Audit Committee – 13 September
2011**

The Audit Committee made the following comments to the Cabinet which were taken into account in considering the report:

**ARC58: Statement Of Accounts 2010/2011 Report To Those
Charged With Governance (ISA 260 (UK&1))**

RESOLVED: That Cabinet be advised that the Resources and Performance – Audit and Risk Committee supports the recommendations (1) to (3) set out in the Cabinet report, with an additional recommendation 4 as follows:

- 1) That Council approves the Statement of Accounts for 2010/2011.
- 2) That Cabinet approve the authority for any changes required to the Statement of Accounts is delegated to the Deputy Chief Executive, in consultation with the Leader of the Council, to authorise amendments and if necessary present an update Statement to Council.
- 3) That Cabinet notes the comments of the auditor in the ISA260.

4) That Cabinet note the summary of uncorrected misstatements and recommend that no change be made to the accounts for those items.

CAB76: **STATEMENT OF ACCOUNTS 2010/2011 AND REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260(UK & I))**

The Chief Accountant presented a report which introduced the Statement of Accounts (SOA) 2010/2011. The final accounts for the Council for 2010/2011 prepared for the first time under International Financial Recording Standard (IFRS) had been subject to external audit by PricewaterhouseCoopers.

The report from the auditor on the audit of the accounts 2010/2011 – the International Auditing Standard (ISA 260) was considered within the report. Although there were one or two issues to be resolved at the time of writing the report the auditor informed Members at the Audit Committee that he anticipated issuing an unqualified audit opinion.

The Chief Accountant explained that the report pointed out the difficulties experienced this year which resulted from the pressures of preparing the accounts for (IFRS). Working papers were not as good as previous years, the timetable was delayed on occasions and minor errors were in the draft accounts.

It was further reported that the major difficulties were in dealing with the capital assets in terms of valuations and impairment. In this particular case the intention from the outset was for staff within accountancy to deal with the new accounting arrangements and learn from the experience rather than have a sub contractor come in to assist and then take the knowledge with them. She explained that this was an area that proved far more complex than was originally anticipated and lessons had been learned from the audit.

The report also noted a number of uncorrected misstatements that were not considered to be material in terms of the values in the accounts and if corrected at this stage would create changes to many other elements of the accounts.

The final part of the report set out recommendations and responses from the review of the internal financial controls 2010/2011. There were no significant issues to note from this review.

The Chairman congratulated officers on the considerable amount and detail of the work which had been put into producing the document. He highlighted the fact that the Council had received an unqualified opinion on the accounts with good performances across the board. In referring to the new IFRS he acknowledged the additional strain it had put on resources by carrying it out in house, but would hopefully pay off in the future as the knowledge was now in house rather than with consultants.

Councillor Beales asked whether the decision to bring investments back in house was proving a success. The Deputy Chief Executive explained that the last funds had recently come back in house and

arrangements with the Fund manager had now ceased. As interest rates were so low at present the Council had opted to lock into short term arrangements. This would then enable the Council to move when the rates improved.

Councillor Mrs Nockolds commented on the new valuation arrangements for the Council's Heritage Assets. The Deputy Chief Executive commented that the category and levels of valuation were some of the issues where there had been discussions with the auditors.

Councillor Beales asked what the intention of the change in arrangements for the accounts was. It was explained that the IFRS would bring into line with all other organisations public and private. It was also explained that some of the heritage assets had previously been valued as community assets, with the associated value. It was particularly difficult to place values on such assets as Greyfriars Tower and the King John Cup which could not be sold off.

The Chief Accountant explained that following the preparation of the accounts, the department would now look at lessons learnt, and make some changes to codings and asset register in order to facilitate the preparation next year.

The Deputy Chief Executive explained that the External Auditors would return to address the Audit Committee as requested, but tied in with a scheduled visit.

Cabinet agreed the recommendations with the inclusion of the additional recommendation at 3) below which had been highlighted at the Audit Committee.

RECOMMENDED: That the statement of Accounts for 2010/11 be approved.

RESOLVED: 1) That the authority for any changes required to the Statement of Accounts be delegated to the Deputy Chief Executive, in consultation with the Leader of the Council, and if necessary present an updated Statement to Council.

2) That the comments of the Auditor on the ISA260 be noted.

3) That the summary of uncorrected misstatements be noted and no change be made to the accounts for those items.

The Meeting closed at 5.52 pm