

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Wednesday, 26 September 2012 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair): Councillors Gill, MacKay, Pratt, Mrs Sawdon and Mrs Syson.

Apologies for absence were received from Councillors Barrott and Pittarello.

68. SUBSTITUTES

Councillor Gill substituted for Councillor Barrott.

69. DECLARATIONS OF INTEREST

There were no declarations of interest.

70. ANNUAL GOVERNANCE REPORT FROM EXTERNAL AUDITOR

The Committee received a report presenting the external auditors' final Annual Governance Report in respect of 2011/12. This followed completion by the external auditors of their audit of the 2011/12 Statement of Accounts for which they proposed to issue an unqualified audit opinion.

Members noted that the audited accounts were due to be agreed by Council on 27 September 2012. Following this the External Auditor would issue his audit opinion which would enable the accounts to be published ahead of the 30 September deadline.

Also attached to the report was a letter of representation which, with the Committee's agreement, would be signed by the Committee Chair and the Head of Finance and then be handed to the external auditors.

Mr Gregory and Mr Preece attended the meeting on behalf of the Council's appointed external auditor, the Audit Commission. They presented the report following an introduction by the Head of Finance.

The Committee was pleased to note that the audit process had gone well, that the report was a positive one and that the external auditor was planning on issuing an unqualified opinion. Mr Gregory pointed out a few amendments which had been made to the accounts, all of which were typical for a local authority and to be expected. Only one issue was significant, that being around capital financing, something which had been overlooked as a result of the new Housing Revenue Account arrangement and not picked up following the departure of two members of staff from the Council's employ. As the error was discovered at a late stage, it was not corrected within the 2011/12 statement, but the external auditors were comfortable with this arrangement. Instead it would be picked up in the 2012/13 accounts. In response to questions, Members were assured that the sum was accounted for and that it would not change the Council's

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financial position – it was just a case of in which financial year it was charged to. The reasons for not adjusting the accounts were set out in the letter of representation.

The Annual Governance Report from the Audit Commission contained the Value for Money conclusion. Mr Gregory summed it up by saying that, like all local authorities, the Council had many big challenges to face, but was better placed than most because it had been in a strong position to start with.

Following the abolition of the Audit Commission, Mr Gregory reported that Grant Thornton, the fifth largest accountancy firm in the country, had won a tender to take over the external audit of local authorities in the midlands region. He was pleased to report that both he and Mr Preece and their team were in the process of transferring to Grant Thornton and, for the next year at least, would continue to handle external audit arrangements for Warwick District Council. Mr Gregory also reported that the Audit Commission had published their scale of fees for the year, which included a 40% reduction on the previous year, the benefit of which would be passed on to the Commission's clients.

Members thanked Mr Gregory and Mr Preece for their work and wished them the best under Grant Thornton. The Committee also passed on its best wishes to a colleague of theirs who was recovering from a heart attack.

The Committee was pleased that the external auditors had picked up on issues which the Committee itself had looked at. Members thanked the Head of Finance and his team for their hard work.

RESOLVED that

- (1) the 2011/12 Annual Governance Report be noted;
- (2) the decision not to adjust the financial statements in respect of misstated capital expenditure as set out in Appendix 2 of the Governance Report be noted; and
- (3) the letter of representation be approved on behalf of the Council before the District Auditor issues his opinion and conclusion.

71. COUNCIL AGENDA – THURSDAY 27 SEPTEMBER 2012

The Committee considered the Statement of Accounts 2011/12 report due to be presented to Council on 27 September 2012.

The report recommended that Council approve the formal Statement of Accounts for the year ended 31 March 2012, which would then be signed by the Councillor chairing the meeting.

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The accounts had been closed in respect of the financial year 2011/12 and the outturn duly reported to the Executive in June. The unaudited Statements had also been presented to the Finance and Audit Scrutiny Committee in July.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Recommendations had been made in order that Council could meet the statutory deadline for the approval of its Statement of Accounts.

Alternatives were not considered as this was a statutory duty placed on the Council.

The Chair drew the Committee's attention to the report's definition of the Committee's role, particularly in respect of its relationship with external auditors. The Committee discussed the definition and agreed that it was correct. The Head of Finance pointed out that, with regard to inspection agencies, a report was due to be presented to the Executive on the recent Peer Challenge which the Committee could comment on if it wished to and if it was within their remit.

The Chair asked the Committee to take particular note of significant governance issues in section 5 of the report. When the Committee next reviewed governance arrangements, the Chair expected that the Committee would check whether the things on that list had been achieved.

RECOMMENDED that Council approves the formal Statement of Accounts 2011/12.

(The meeting ended at 6.30 pm)