

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Wednesday, 21 September 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair): Councillors Mrs Bromley, Brookes, Dhillon, Edwards, Illingworth, MacKay, Pittarello, Pratt, Mrs Tyrrell and Williams.

Apologies for absence were received from Councillors Cross, Dagg and Mrs Sawdon.

63. **SUBSTITUTES**

Councillor Mrs Bromley substituted for Councillor Rhead, Councillor Brookes substituted for Councillor Mrs Sawdon, Councillor Dhillon substituted for Councillor Dagg and Councillor Illingworth substituted for Councillor Cross.

64. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

65. **ANNUAL GOVERNANCE REPORT FROM EXTERNAL AUDIT**

Members were advised that the Council's external auditors had issued their final Annual Governance Report in respect of 2010/11, which was attached to the report before them. This followed completion by the external auditors of their audit of the 2010/11 Statement of Accounts for which they proposed to issue an unqualified audit opinion and an unqualified Value For Money Conclusion. The audited accounts were due to be agreed by Council on 22 September, after which time the accounts would be published ahead of the 30 September deadline.

Mr Gregory, the Council's appointed external auditor, presented the report and ran through changes made to the accounts, as summarised in appendix 2 to the report. Mr Gregory, Mr Preece and officers responded to Members' questions on various details, pointed out a number of adjustments made in order to comply with IFRS reporting standards and explained how accounting conventions dictated the way in which certain items, including understatements and overstatements, were recorded. Members noted that they would need to adjust to new ways of monitoring performance through Fit for the Future and good governance reports.

The Committee was pleased to hear that this Council was in a strong position financially, particularly when compared to many other local authorities.

The external auditors thanked officers who had assisted them with this significant piece of work and officers in turn thanked Mr Gregory and Mr Preece for their considerable efforts. Members expressed satisfaction over the way financial accounting had strengthened in the past few years, and

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extended their thanks to the external auditors, officers present at the meeting and to finance staff for their work.

Mr Gregory reported that the 2011/12 accounts audit would be the last to be carried out by the Audit Commission. Officers intended to present a report to the November 2011 meeting of the Committee on future auditing arrangements. The external auditor's Annual Audit Letter would be presented to the Committee in November or December 2011.

RESOLVED that

- (1) the 2010/11 Annual Governance Report be noted;
- (2) the adjustments to the financial statements set out in the Governance Report be noted; and
- (3) the letter of representation provided alongside the Governance Report be approved on behalf of the Council before the District Auditor issues his opinion and conclusion.

66. **STATEMENT OF ACCOUNTS 2010/11**

The Committee considered a report due to be considered by Council on 22 September 2011 which set out the Statement of Accounts 2010/11. The report recommended that Council approve the formal Statement of Accounts for the year ended 31 March 2011, which would then be signed by the Councillor chairing the meeting.

The Statement of Accounts comprised four main statements, those being:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

The accounts were closed in respect of the financial year 2010/11 and had been duly reported to the Executive in June. The Finance and Audit Scrutiny Committee had also considered them on 7 June. The Statement of Accounts had since been audited and needed to be approved by Council.

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.

RECOMMENDED that Council approves the formal Statement of Accounts for the year ended March 2011.

(The meeting ended at 6.30pm)