FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Friday 28 July 2017 at 9.30 am.

Committee Members Present: Councillors: P Hardy (Chairman), W Kemp, T Palmer, G Wheatley and (for part of the meeting) R Savage

Apologies: Councillors: L Dale and T Lewis

Substitute Members: Councillors: D Goldson for L Dale and M Gray for T Lewis

Cabinet Member in Attendance: Councillor: B Stone

Officers in Attendance: The Head of Resources (P Catchpole), the Accountancy Manager (M Fernandez-Graham) and the Senior Accountant (J Brown)

Also in Attendance: Mark Russell - Ernst & Young (EY)

154 MINUTES

The minutes of the meeting held on 23 June 2017 were confirmed as a correct record and signed by the Chairman.
AUDITED STATEMENT OF ACCOUNTS

The Accountancy Manager presented the Statement of Accounts for 2016/17, advising members that the Council was expecting to receive an unqualified audit opinion for both the financial statements and value for money. Members were pleased to note that there had been no recommendations regarding internal controls for the third year running and that the external auditors had reported that the quality of the Council’s accounts was of a high standard.

The Committee was advised of the changes made to the draft accounts since they had reviewed them in June 2017, as detailed in the report. In response to a member’s query regarding the revision made to the valuation at Rectory Road, officers clarified that in previous years, the property had been valued as agricultural land at a value of £6k. For 16/17, in line with fair value reporting requirements, the external valuers were required to consider the “highest and best use” of the land and this had resulted in a significantly higher valuation as development land. Initially, the external valuers had calculated the increased value at £3.7m, as included in the draft accounts, but subsequently had revised their valuation downwards to £1.5m, as detailed in the audited accounts, after they had discovered an error in their calculation pertaining to the measurement of the area.

In response to a member’s question regarding the accounts for Big Sky Property Management, officers advised that, in November 2016, the Council had revised the interest rate it was charging Big Sky and, as all the company’s properties were currently rented out, it was anticipated that a profit would be reported within the 2017/18 statement of accounts.

Members queried the significant increase in figures, when compared to the previous year, shown on the Group Comprehensive Income and Expenditure statement for the Chief Executive’s directorate and were advised that some movement could be attributed to services which had changed directorates, but officers agreed to look further into the figures and report back to members after the meeting.

After a brief discussion, it was:

RESOLVED: To

1. Note the adjustments to the Statement of Accounts 2016/17;
2. Delegate to the Accountancy Manager to make any necessary adjustments to the Statements for sign-off and publication by 31 July 2017;

and

3. Delegate the Chairman of the Finance, Resources, Audit and Governance Committee to sign the letter of representation alongside the Head of Resources.
156 AUDIT RESULTS REPORT

Members considered the Audit Results Report for the year ended 31 March 2017 which was presented by Mark Russell from Ernst & Young (EY). Mr Russell summarised the key points in his report and confirmed that he expected to issue the Council with an unqualified audit opinion for both financial statements and value for money. The Committee was advised that the level of fees charged by the auditor would need to be reassessed, due to the extra work undertaken, and that the final fees would be reported in the Annual Audit Letter.

Members were reassured by officers that an evaluation meeting would be held with external valuers to discuss the issues and that officers were looking to improve their review procedures in future years by engaging with the recently appointed property officers employed by Big Sky Developments. It was suggested and agreed that the external valuers be invited to attend a future meeting of the Finance, Resources, Audit and Governance Committee to apprise members of the processes involved in the calculation of valuations. Officers also agreed to investigate the planning status of the land.

The Chairman thanked Mr Russell and it was then:

RESOLVED:  
To

1. Note the adjustments to the Annual Audits Report;
   and

2. Invite the external valuers to attend a future meeting of the Finance, Resources, Audit and Governance Committee to apprise members of the processes involved in the calculation of valuations.

157 ANNUAL GOVERNANCE STATEMENT 2016/17

The Accountancy Manager presented the Annual Governance Statement for 2016/17 and explained to members that the statement was a reflection of the Council’s overall governance arrangements. The Committee was informed that, as in the previous year, a ‘positive’ audit opinion had been given by the Head of Internal Audit.

In response to a member's query regarding the risks around Norwich Research Park, officers reassured the Committee that indemnities had been built into the agreement to protect the Council’s investment.
It was then:

**RESOLVED:** To

Approve the Annual Governance Statement for signature by the Chairman of the Finance, Resources, Audit and Governance Committee.

158 **FRAG WORK PROGRAMME**

Members noted the Finance, Resources, Audit & Governance Committee’s Work Programme and noted that the external valuers would be invited to attend the meeting of the Committee scheduled for 24 November 2017, as detailed above.

The meeting concluded at 10.07 am

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Chairman