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 Thursday 26 September 2013 at 9.30 am.

Committee Members Present: Councillor T Lewis (Chairman – for the duration of the meeting)
Councillors K Billig, L Dale, D Goldson, T Palmer and L Webster

Apologies: Councillor M Edney

Non - Appointed: Councillor G Wheatley

Officers in Attendance: The Head of Finance (D Lorimer), the Accountancy Manager (M Fernandez-Graham), the Senior Accountant (J Brown), and the Deputy Audit Manager (E Hodds).

Also in attendance: Ms T Meyer & Ms M Springer (Ernst & Young) (for part of the meeting)

33 APPOINTMENT OF CHAIRMAN FOR THE MEETING

In the absence of Cllr M Edney, it was necessary to appoint a Chairman for the duration of the meeting. It was proposed, seconded and:

RESOLVED: that Cllr T Lewis be appointed as Chairman of the Finance, Resources, Audit and Governance Committee for the duration of the meeting.

34 MINUTES

The minutes of the meeting held on 3 September 2013 were confirmed as a correct record and signed by the Chairman.
35 STATEMENT OF ACCOUNTS 2012/13 AND ANNUAL GOVERNANCE STATEMENT 2012/13

The Head of Finance presented the Statement of Accounts and the Annual Governance Statement for 2012/13 and reported on a number of adjustments made to the Council’s accounts, as a result of the audit, since the draft accounts had been reviewed by the Finance, Resources, Audit and Governance Committee in June 2013. The Committee noted that the adjustments had increased the net worth of the Council by £100,000 as at 31 March 2013. The Head of Finance explained that the Annual Governance Statement was a reflection of the Council’s overall governance arrangements.

Members were invited to give feedback regarding the Statement of Accounts and Annual Governance Statement, during which it was suggested and agreed that three minor grammatical changes would be made. It was also suggested and agreed that a slight amendment would be made to the figures contained in note 6 to the Collection Fund, as a result of rounding.

It was then

RESOLVED:
1. To note the adjustments to the Statement of Accounts 2012/13;
2. To delegate to the Head of Finance, authority to make any necessary adjustments to the Statements for sign-off and publication by 30 September 2013;
3. To delegate to the Chair of the Finance, Resources, Audit & Governance Committee to sign off the Statement of Accounts and the letter of representation;
4. To note the findings made by the auditors for the drafting of the 2013/14 accounts;
5. To approve the Annual Governance Statement, subject to minor amendments as noted above, for signing by the Chief Executive and the Leader of the Council.

36 ANNUAL GOVERNANCE REPORT

Members considered the Annual Governance Report for 2012/13 which was presented by Ms T Meyer from Ernst & Young.

Ms Meyer explained that the audit work was still ongoing but that she anticipated that an unqualified audit opinion would be issued, when work was concluded, unless any further matters requiring amendment arose. She thanked the Head of Finance and her team for their assistance and co-operation, adding that all questions and issues raised by Ernst & Young, during the audit process, had been actioned promptly.

The Head of Finance summarised the audit’s observations and advised members of actions taken to address issues raised regarding internal control, adding that the issues identified by Ernst & Young had already been highlighted by Internal Audit and subsequently rectified by the Council.
Members expressed their concerns regarding the lateness of Ernst & Young’s Audit Results Report and were unhappy that the audit work had not been concluded in time for the Finance, Resources, Audit and Governance Committee meeting. It was suggested and agreed that, as the Council had undertaken much of the internal audit work which was utilised by Ernst & Young, and that it had acted promptly to every issue raised, the Head of Finance should challenge any increase made to the audit fees, if necessary. The Head of Finance advised the Committee that she would be meeting with Ernst & Young in November 2013 and would express to them the concerns of the Finance, Resources, Audit and Governance Committee regarding the resourcing of future audits of the Council.

It was then

**RESOLVED:**

1. To note the Annual Governance Report for 2012/13;
2. To note the concerns of the Finance, Resources, Audit and Governance Committee regarding the late production of the External Auditor’s report, and to highlight these issues to Cabinet.

**37 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

1 APRIL TO 6 SEPTEMBER 2013

The Deputy Audit Manager presented members with a progress report on the activity of Internal Audit in relation to the delivery of the Annual Audit Plan for 2013/14, summarising the six revisions made to the timing of audits and the four completed audits undertaken.

There was a brief discussion regarding the ‘adequate’ opinion awarded as the level of assurance, and it was explained that ‘adequate’ was a positive outcome. Members also queried the reasons behind the changes of timing for audits and whether this would be an ongoing issue. The Deputy Audit Manager explained that due to the timing of the audit planning process i.e. 4 months before the start of the new financial year, things may arise, which were not foreseen which can impact on timings and adjustments need to be made to accommodate this. The Committee also queried the nature of the issues of income and expenditure at the Sports Centre, and the nature of the work undertaken by Future Gov, clarification was provided.

It was then

**RESOLVED:**

To note the outcomes of the four completed audits and the amendments made to the Annual Audit Plan for 2013/14.

**38 REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS DUE FOR IMPLEMENTATION BETWEEN 1 APRIL AND 30 JUNE 2013**
The Deputy Audit Manager presented the Committee with a report to advise it of the latest progress made in relation to the Council’s implementation of the agreed audit recommendations, and invited comments from members.

Following a query regarding the impact that changes to systems and staffing made on audit recommendations, the Head of Finance reported that although the recruitment and training of new officers in her department had taken time, the teams were continuously improving. There were no other questions.

It was then

RESOLVED: To note the position in relation to the completion of agreed audit recommendations.

39 RESPONSE TO CIPFA CONSULTATION ON ACCOUNTS

Members considered the report of the Accountancy Manager which provided the Committee with the Council’s response to the Chartered Institute of Public Finance and Accountancy (CIPFA) consultation on streamlining and simplifying local government accounts.

The Committee was in favour of the simplification of local government accounts, agreeing that public accounting was very complex, and members thanked the Accountancy Manager for providing them with useful explanatory notes. There were no further suggestions or comments.

40 UPDATE ON PROGRESS OF THE INTERNAL AUDIT PROCUREMENT

The Head of Finance provided members with a brief update on the progress of the internal audit procurement, explaining to the Committee that a Public Interest Notice (PIN) had been issued for tenders for the procurement of internal audit work. Members were advised that several representatives, who had expressed interest, had met with officers to exchange ideas regarding the necessary requirements and specifications. The Head of Finance informed members that any bids received by the Council would be evaluated on price and quality.

41 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee’s work programme and it was suggested that an additional meeting be held before the next scheduled meeting on 7 March 2014.

The meeting concluded at 11.14 am
Chairman