

SUMMARY OF DECISIONS

Meeting:	Statement of Accounts Committee (meeting held – in part – jointly with the Statement of Accounts Committee)	
Date:	Wednesday, 27 November 2019	
Place:	Shimkent Room - Daneshill House, Danestrete	
Members Present:	Councillors:	Mrs Joan Lloyd (Chair), Philip Bibby CC, Rob Broom, Jackie Hollywell, John Mead, Sarah Mead, Graham Snell and Jeannette Thomas.
Also Present:	Mr Neil Harris (Ernst and Young) Mr Robert Garnett (Ernst and Young)	

1	APPOINTMENT OF PERSON TO PRESIDE	
	It was RESOLVED that Councillor Mrs Joan Lloyd be appointed to preside over the meeting which was held jointly with the Audit Committee.	
2	APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST	
	There were no apologies for absence. There were no declarations of interest.	
3	2018/19 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT	C. Fletcher x2933
	The Audit Committee and the Statement of Accounts Committee meeting jointly received a presentation from the Finance Manager (Technical) on the Statement of Accounts 2018/19. The Committees were advised that the Statement of Accounts were still “in audit” as a number of non-material changes were required in respect of how the financial arrangements and valuations relating to the Queensway LLP were reflected in the document.	

A copy of Appendix 2 to the report, the draft Letter of Representation was then circulated to Members.

The Assistant Director (Finance and Estates) commented that, because the Statement of Accounts were still “in audit”, the recommendations in the report would need to be amended so that the draft Letter of Representation and Accounts be approved, but that herself and the Chair of the Statement of Accounts Committee be delegated authority to sign off any non-material adjustments to those accounts before publication.

The Assistant Director (Finance and Estates) undertook to provide Members of the Committee with a summary of the non-material adjustments made to the Statement of Accounts.

The Committees were shown how the Council’s accounts were constructed, with key points highlighted and identified.

In answer to a number of questions and queries, Members were advised:

- The capital spend figure of £14.476M for non-current assets as at 31 March 2019 primarily related to the Queensway redevelopment scheme, but also included other schemes; and
- The table showing the Pensions Reserve reflected the gap between pension assets and liabilities, which was reviewed on a tri-annual basis.

The Committees then considered the report from the Council’s External Auditors, Ernst and Young.

The Ernst and Young representatives acknowledged Members’ concerns and frustrations with the delay in auditing of the Statement of Accounts, and referred to a helpful letter from the SBC Leader to the Local Government Association Resources Board regarding the sustainability and capacity of audit firms to deliver local government audits going forward. Members noted that Ernst and Young had participated in similar sustainability discussions with Public Sector Audit Appointments Ltd.

The Ernst and Young representatives answered a number of questions raised by Members, and drew attention to a judgemental difference of £583,000 in relation to the valuation of the Stevenage Swimming Pool. They would be working with the SBC Finance Team to endeavour to agree on a mutually acceptable valuation level.

The Committees were advised that all audit tasks had been substantially completed, although a number of areas were still to be concluded, as set out in the report, and including final checks on the Group Accounts and Queensway LLP. However, it was expected that Ernst and Young would be issuing an unqualified audit opinion for both the Council's accounts and the Value for Money statement. The aim was to complete the audit within 7 to 10 days of the meeting.

The Ernst and Young representative referred to audit fees to be charged for 2018/19, as set out in Section 9 of the report. These had increased by £25,000, due to the additional scope and risk profiles regarding the value for money conclusion, Queensway LLP work and Group Financial Statements.

The Assistant Director (Finance and Estates) commented that the Council would be submitting a claim for arbitration to Public Sector Audit Appointments, with a view to seeking compensation for the delays to the audit, which had impacted significantly on SBC Finance Officers due to the need to cancel holidays, re-arrange annual leave etc.

The Chair thanked both the External Auditor and the SBC Accounts Team for their presentations.

At 19:25 hrs the Statement of Account Committee **RESOLVED** to adjourn until the rise of the Audit Committee.

The Statement of Accounts Committee reconvened at 19:15 hrs with Councillor Mrs Lloyd in the Chair.

The Assistant Director (Finance and Estates) advised the Committee of the following comments made by the Audit Committee:

- With regard to the valuation of the swimming pool, Members re-iterated a wish for a standard approach to be taken in future;
- The Committee agreed that the Assistant Director (Regeneration) be invited to its next meeting to provide an update on the financial risks associated with the Queensway LLP and, in association with this, the Committee received a flowchart/diagram regarding the way in which the financial arrangement between the Council and the LLP worked, together with a copy of the Shared Internal Audit Services audit report on Governance;

- The Committee accepted the offer made by the Assistant Director (Finance and Estates) to provide Members with a summary of the non-material adjustments made to the Statement of Accounts; and

The Committee noted the Finance Manager (Technical)'s comment that there was a possibility that the audit of the accounts relating to the Queensway LLP for the 2019/20 financial year may involve two external auditors (namely the Council's external auditor and an auditor appointed by the LLP).

The Committee accepted the comments of the Audit Committee, and also agreed to accept the offer made by the Assistant Director (Finance and Estates) to provide Members with a summary of the non-material adjustments made to the Statement of Accounts.

The Chair expressed her thanks to the External Auditors, the Finance Manager (Technical) and the Assistant Director (Finance and Estates) and asked that the Committee's appreciation be conveyed to the Finance Team for assisting in the audit under such trying circumstances.

It was **RESOLVED:**

1. That the Annual Report to those charged with Governance for 2018/19 be approved (Appendix 1 to the report).
2. That the Council's Letter of Representation be approved (Appendix 2 to the report), and the Assistant Director (Finance and Estate) and Chair of the Statement of Accounts Committee be delegated authority to sign off any non-material adjustments to those accounts before publication.
3. That the Financial Report including the Statement of Accounts 2018/19 be approved (Appendix 3 to the report), and the Assistant Director (Finance and Estates) and Chair of the Statement of Accounts Committee be delegated authority to sign off any non-material adjustments to those accounts before publication.
4. That the Annual Governance Statement be approved (Appendix 4 to the report).

	5. That the Assistant Director (Finance and Estates) be requested to provide Members of the Committee with a summary of the non-material adjustments made to the Statement of Accounts.	
4	URGENT PART I BUSINESS	
	None.	
5	EXCLUSION OF PRESS AND PUBLIC	
	Not required.	
6	URGENT PART II BUSINESS	
	None.	