

# STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

**Date: Monday 29 June 2009**

**Time: 6.00 p.m.**

**Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

**Present:** R Raynor (Chair), J Gardner (Vice Chair), J  
Hollywell, M Notley  
Independent: B Mitchell

Agenda Item:

**3**

**In Attendance:** Councillors G Clark, Mrs J Lloyd, L Martin-  
Haugh, R Parker CC and L Strange; and  
Justin Collings (of Grant Thornton)

**Start/End Time:** Start Time: 6.00 pm  
End Time: 7.30 pm

### **1 APPOINTMENT OF PERSON TO PRESIDE**

It was **RESOLVED** that Councillor R Raynor be appointed to preside over the first part of the meeting, which would be held jointly with the Statement of Accounts Committee.

### **2 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence had been received from Councillor B Clark from the Audit Committee, and from Councillor M Patston from the Statement of Accounts Committee.

There were no declarations of interest made at the meeting.

Before moving onto the main item on the agenda, the Chair summarised the procedure to be followed for the meeting. Firstly the Officers would present the Statement of Accounts following which there would be an opportunity for Members of both Committees to ask questions of clarification. After the completion of the presentation, the Statement of Accounts Committee would adjourn, and its members would be welcome to remain in the room to observe the Audit Committee meeting. The Audit Committee would then consider the Statement of Accounts and agree any comments/recommendations before closing its meeting. At this point, the Statement of Accounts Committee would reconvene to consider the Statement of Accounts in the light of any comments / recommendations from the Audit Committee.

### **3 STATEMENT OF ACCOUNTS 2008/09 AND CAPITAL CONTROL SYSTEM DETERMINATIONS**

The Audit Committee and the Statement of Accounts Committee received a presentation from the Strategic Director (Resources) and the Head of Finance on the Statement of Accounts 2008/09.

The Strategic Director (Resources) introduced the Statement of Accounts 2008/09, referring to the context of the global economic climate, and to the prescribed presentation which was set out in statute.

The Head of Finance presented the document to Members, explaining that the major variances had been set out in the covering report. The overspend in the General Fund of £132,498 was largely due to the government's refusal to permit the capitalisation of redundancy costs. The underspend in the Housing Revenue Account (HRA) of £378,550 was due in part to the provision for job evaluation of £277,190 which was not required. It was noted that the HRA underspend was incorrectly listed in paragraph 5.1.4 as £387,550, but that the figure was correct in the Statement of Accounts.

A comprehensive review of all balance sheet accounts had been undertaken in preparing the Statement of Accounts 2008/09, which had led to a net adverse variance of approximately £50,000 on the General Fund and HRA.

Further to a question from a Member, officers commented that the Medium Term Financial Strategy contained provision for an anticipated increase in the pensions liability, which would become clearer following the triannual review due in 2010.

***NOTE** - At this point the Statement of Accounts Committee adjourned. The Audit Committee meeting continued to consider item 4.*

#### **4 STATEMENT OF ACCOUNTS 2008/09 - COMMENTS AND RECOMMENDATIONS**

The Chair invited comments and questions from Members, in relation to the Statement of Accounts.

Concern was raised over the timescale in which Members were asked to scrutinise the document, and the arrangements for the meeting being held, in part, jointly with the Statement of Accounts Committee. Officers explained that the Statement of Accounts Committee had originally been scheduled for 30 June, but that meeting had been moved at the request of Members. It had not been practical to hold the meetings any earlier, due to the short timescale for producing the document and seeking formal approval before the end of June. This was exacerbated by the enhanced level of detail which the Council sought to include within its Statement of Accounts.

Officers commented on the details of the audit which had been carried out of the balance sheet. This had been a significant undertaking which gave absolute certainty to the accuracy of each figure included on the balance sheet.

Responding to a Member's question, officers stated the reasons for the General Fund Carry Forward requests as set out in the table at paragraph 5.1.6 of the report.

It was noted that the figure used for the population of the town (page 16 of the agenda) was the same in 2008/09 as it had been in 2007/08. This was because the figure had not been updated by the Statistics Office.

Further to a query, officers explained that the short term loan referred to on page 16

of the agenda had not been taken out on 31 March 2009, but had remained on the Council's books on 31 March 2009 (i.e. at the end of the period covered by the Statement of Accounts. Concern was raised that the wording used on the document was unclear, and that it could appear that the Council had held the loan for one day. Officers undertook to reword the sentence.

In relation to the underspend of £316,947 which was not itemised on page 25 of the agenda, officers commented that these were set out in detail at Appendix B, and related to many smaller overspends.

It was requested that, at page 28 of the agenda, the figures for "pooled capital receipts" be included in the 2009/10 Statement of Accounts onwards.

Officers commented that the majority of the valuation charges on page 34 of the agenda related to Council Houses.

It was noted that consideration would have to be given to how future accounts would display the government grant to the Local Strategic Partnership (LSP), for which the Council was the administering body.

In relation to NNDR arrears on page 57, the significant increase was due to two major debtors and several late assessments. In addition, the collection rate for Council Tax had dropped which was to be expected given the current economic climate.

It was **RESOLVED**:

1. That the 2008/09 Statement of Accounts and capital financing determinations be recommended to the Statement of Accounts Committee for approval, subject to the following recommended amendment: At page 5 of the Statement of Accounts (page 16 of the agenda), under "Loan Debt", reword the second sentence to read "...a short term loan on the Balance Sheet as at 31 March 2009" to clarify the meaning.
2. That the 2008/09 outturn position be noted and the approval of carry forward requests relating to under spent budgets totalling £53,580 for 2009/10 be recommended to the Statement of Accounts Committee.
3. That the approval of £12,277 net transfer from reserves be recommended to the Statement of Accounts Committee.

## **5 URGENT PART I BUSINESS**

None.

## **6 EXCLUSION OF THE PRESS AND PUBLIC**

Noted.

## **7 URGENT PART II BUSINESS**

None.