

**AUDIT COMMITTEE  
MINUTES**

**Date: Monday 24 September 2012**

**Time: 6.00 p.m.**

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

**Present:** Councillors: C Latif (Chair), J Gardner (Vice Chair), M Mckay, R Parker CC and M Yarnold-Forrester.  
Independent: B Mitchell

**In Attendance:** Phil Westerman and Nick Taylor (Grant Thornton)

**Started:** 6.00 p.m.  
**Ended:** 7.25 p.m.

**1. APPOINTMENT OF PERSON TO PRESIDE**

It was **RESOLVED** that Councillor Mrs J Lloyd be appointed to preside over the meeting which was held jointly with the Statement of Accounts Committee.

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

An apology for absence was received from Councillor D Cullen.

There were no declarations of interest.

**3. STATEMENT OF ACCOUNTS 2011/12 AND EXTERNAL AUDITOR'S ANNUAL REPORT FOR THOSE CHARGED WITH GOVERNANCE.**

The Audit Committee and the Statement of Accounts Committee received a presentation from the Assistant Director, Finance on the External Auditor's Annual Report and the audited 2011/2012 Financial Report including the Statement of Accounts.

The Committee was advised that the sign-off date as shown at page 3 of the Statement of Accounts was incorrectly shown as 25 September 2012 and would be corrected in the version signed by the Chair of the Audit Committee and the Resources Portfolio Holder.

The Committee was further advised of two more typographical errors in the agenda papers. On page 16 of the External Auditor's report the total of the fees should read £180,730 and not £185,730 as shown and on page 47 of the Statement of Accounts the final sentence of paragraph 1.21 should read '...now included in the calculation **is** the

self financing settlement' and not '... now included in the calculation *if* the self financing settlement' as shown.

The Committee was advised that at the time the Auditor's Report was written there were no outstanding items in relation to the Financial Report or the Statement of Accounts.

It was highlighted that the Council's Balance Sheet as at 31 March 2012 showed a net worth of £321.0 million, a decrease of £211.5 million over the restated Balance Sheet as at 31 March 2011. This was mainly as a result of the decrease in unusable reserves by £212.73 million to £307.62 million, of which £199.91 million related to the payment to the government for the HRA self financing settlement on the 28 March 2012.

In reply to questions arising from the recommendations in the Report to Those Charged with Governance the Strategic Director (Resources) undertook to liaise with the Head of ICT to establish the progress on the action to establish job based groups, whilst the Assistant Director Finance advised the Committee that the two recommendations relating to VAT had been targeted with an end of September 2012 completion date.

The Committee was advised that the recommendations raised in this report would be tracked by the Corporate Governance Group.

Members asked a number of detailed questions relating to car loans, the pension reserve and insurance premiums in the Statement of Accounts, to which the officer responded.

**Note** – *At this point in the meeting the Statement of Accounts Committee **RESOLVED** to adjourn until the rise of the Audit Committee and left the room.*

*The Audit Committee meeting continued to consider item 3 and the rest of the agenda.*

Concerns were expressed at the Council's previous policy of using balances to underpin spending levels and in reply to a question concerning the drawing down of balances the Strategic Director (Resources) undertook to investigate and report back as appropriate.

The Committee was advised that there was a need to make further savings of £900,000 over the remaining life of the 5 year Medium Term Financial Strategy whilst considering a new strategy to factor-in expected grant cuts.

It was **RESOLVED** that the Annual Report to those charged with Governance for 2011/12, the Council's Letter of Representation and

the Financial Report including the Statement of Accounts 2011/12 be recommended to the Statement of Accounts Committee.

**4. REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE**

The Committee had before it a report compiled by the External Auditors (Grant Thornton) which reviewed the Council's Arrangements for Securing Financial Resilience.

The Committee was advised that the report reflected well on the Council and that amber assessments were not an indicator of poor performance rather a marker to areas of risk that should be monitored.

In reply to a question the Committee was advised that it was a requirement that Value for Money should be reported against.

In reply to a further question concerning the use of the Council's balances the Strategic Director (Resources) indicated that he would be unwilling for the Working Capital ratio to drop lower than its current level.

The External Auditors were thanked for the clarity of the report and its presentation. Officers were thanked for their work in ensuring that the report had been favourable.

It was **RESOLVED** that the report be noted.

**5. URGENT PART 1 BUSINESS**

None.

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

Not required.

**PART II**

**7. URGENT PART II BUSINESS**

None.

**Chair**