

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**HELD ON MONDAY 29 JULY, 2019 AT 4:00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**

**PART 1**

PRESENT:  
Councillors

Crabtree, S.K.     Jones, Mrs. V.  
Fisher, P.A.     Stretton, Mrs. P.Z.

Also present:

- Jim McLarnon, Audit Manager, Grant Thornton (External Auditors)

**8. Appointment of Chairman**

Councillor Mrs. P.Z. Stretton was appointed Chairman for the meeting.

**9. Apologies**

Apologies for absence were received from Councillors P.T. Witton (Chairman), Mrs. S.M. Cartwright (Vice-Chairman) and J.P. Johnson.

**10. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

**11. Minutes**

RESOLVED:

That the Minutes of the meeting held on 25 June 2019 be approved as a correct record and signed.

**12. The Audit Findings for Cannock Chase District Council 2018-19**

Consideration was given to the Report of the External Auditors (Item 4.1 – 4.25 of the Official Minutes of the Council).

The External Auditor thanked the Officers in the Finance team for the prompt delivery of the 2018/19 statement of accounts.

Members were then taken through the following key sections of the report:

<u>Report Section</u>	<u>External Auditor's conclusions/comments</u>
<u>Headlines</u>	
Financial Statements	All work had now been substantially completed. There was one adjustment to the financial statements of £2.021m related to the Council's net pension liability.
Value for Money arrangements	It was anticipated that an 'unqualified' value for money conclusion would be issued to the Council.
Statutory duties	It had not been necessary to use any of the additional statutory duties or powers available as part of the audit work.
Materiality	The Council's materiality threshold for 2018/19 was circa £1.3m. The calculations remained the same as detailed in the audit plan.
<u>Significant Findings – Audit Risks</u>	
Revenue Cycle – Fraudulent transactions	Considered low risk of material misstatement due to fraud in revenue.
Management override of controls	No issues identified in this area during the audit.
Valuation of land and buildings	No issues identified in this area during the audit. Consideration was given to how management obtained assurance that assets not revalued in 2018/19 were not materially misstated. Based on the information provided, it was accepted that the estimated values provided were below the materiality threshold and not material to the Council's accounts.
Valuation of pension fund net liability	There was one issue identified which related to the accounting for the impact of the McCloud Court of Appeal Judgement.
<u>Significant Findings – Other Issues</u>	
Impact of McCloud Judgement	The audit procedures have confirmed the relevant adjustments to the financial statements in regard to the LGPS.

<u>Significant Findings – Key Judgements and Estimates</u>	
Provisions for NNDR Appeals	Confirmed the adequacy of disclosure of estimate in the financial statements.
Land and Buildings – Council Housing	Audit work had been concluded.
Land and Buildings – Other	Audit work had been concluded.
Net Pension Liability	Audit work had been concluded.
<u>Value for Money</u>	
Our Work	Audit work focussed on the significant risks identified to the Council’s arrangements in relation to financial sustainability. The main considerations were outturn in the period to planned budget, ability to set a balanced budget for the 2019/20 financial period and plans for future and how they would be incorporated into the MTFP.
Financial Sustainability	The Council had adequate arrangements in place to deliver on financial plans as demonstrated by the month 12 outturn, and an appropriate level of oversight was provided to ensure monitoring and reporting were fit for purpose. In addition, the Council had robust arrangement in place to formulate a prudent and measured MTFP which was reflective of the current environment and information available. Whilst it was believed that management had sufficient measures in place to forecast reasonably, the future models of funding in Local Government were uncertain and these were prevalent in the financial plans prepared by management. The authority faced significant challenge in the medium term and therefore this risk would continue to be monitored closely going forward.

In response to a number of questions raised by a Member, the External Auditor provided information in respect of the materiality calculations levels set out at Item 4.4. He also commented on the Value for Money three sub criteria set out at Item 4.15 and indicated that the Council had adequate arrangements in place.

RESOLVED:

That the Report of the External Auditors be noted.

### **13. External Audit of the Statement of Accounts 2018-19**

Consideration was given to the Report of the Head of Finance (Item 5.1 – 5.8 of the Official Minutes of the Council).

RESOLVED:

- (A) That the contents of the report be noted, with reference to the separate reports included on the agenda on 'The Audit Findings for Cannock Chase District Council' and 'Statement of Accounts 2018/19'.
- (B) That the Management Representation letter, as included at Appendix 1 of the Report, be approved and signed by the Chairman (in the Chair) on behalf of the Committee.

### **14. Statement of Accounts 2018-19**

Consideration was given to the Report of the Head of Finance (Item 6.1 – 6.5 plus separate booklet of the Official Minutes of the Council).

The Chief Accountant gave an overview of key sections contained within the Accounts, which included:

- Comprehensive Income and Expenditure Account
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement
- Housing Revenue Account Income and Expenditure
- Collection Fund

The Chief Accountant clarified the information contained within the Net Cost of Services General Fund graph contained on page 10 of the Accounts and indicated that the 10.2% apportioned to the Leader of the Council was based on the portfolio that he held.

In response to a question raised by a Member regarding the Collection Fund Income and Expenditure Account, the Chief Accountant explained the calculations in respect of Council Tax Income and Non-Domestic Rates.

RESOLVED:

That the audited Statement of Accounts for 2018/19 be approved.

### **15. Annual Treasury Management Report 2018-19**

Consideration was given to the Report of the Head of Finance (Item 7.1 – 7.11 of the Official Minutes of the Council).

The Head of Finance advised that the report set out the Council's outturn position of treasury management activity during 2018/19.

In response to a question raised by a Member concerning over/(under) borrowing identified within Item No. 7.3 – Treasury Position as at 31 March, 2019 Table at 5.12, the Head of Finance explained the Council’s position and indicated that the Council did not need to borrow to support revenue expenditure. He then provided further information in respect of borrowing the interest rate risks.

RESOLVED:

That:

(A) The annual treasury management report for 2018/19 be noted.

(B) The actual 2018/19 prudential and treasury indicators as set out in Appendix 1 and 2 of the Report be approved.

**16. Cannock Chase District Council Audit Fee Letter 2019-20**

Consideration was given to the Letter of the External Auditors (Item 8.1 – 8.3 of the Official Minutes of the Council).

The Committee received the Letter of the External Auditors which was noted.

The meeting closed at 4:45 p.m.

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CHAIRMAN