

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
MONDAY, 27 SEPTEMBER, 2010 AT 4.00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

PRESENT: Councillors

Ball, G. D. (Chairman)
Alcott, G. (Vice-Chairman)

Burnett, J. Easton, R.
Easton, Mrs. D. M.

Also Present: Mr. G. Patterson, District Auditor, Audit Commission
 Ms. E. Mayne, Audit Manager, Audit Commission

17. Apologies

An apology for absence was received on behalf of Councillor G. Burnett.

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

No declarations of interests were received.

19. Minutes

RESOLVED:

That the Minutes of the meeting held on 16 August, 2010 be approved as a correct record and signed.

20. Strategic Risk Register

The Committee received a presentation from the Head of Financial Management on the financial situation.

It was explained that there was a Strategic Risk if the budget process was inadequate and the Council failed to deliver appropriate savings, due to the financial situation not being clear. A number of actions had been identified to reduce the risk element and to deliver efficient, effective and economical services within resources. It was realised that some factors could be controlled and others could not, i.e. inflation, land valuations and Governments cuts in funding being beyond the control of the Council. The Council was not currently aware of the precise level of

cuts that would need to be made. It was anticipated that the allocation of funding would be known by November/December 2010 and briefings on the financial situation would be held with all political parties.

Shared services with Stafford Borough Council and outsourcing potentials were being explored in order to achieve savings. A recruitment freeze had been implemented and one off saving initiatives investigated. Services were being analysed to ascertain what were legally necessary and those that were discretionary and what benefits they provided to the community and the Council's priorities. Asset management, together with possible increases in fees and charges were being investigated and a review of management undertaken. A public consultation survey was being carried out to identify residents' priorities.

Officers would continue to provide professional advice to Members in order that they could make informed decisions and contingency plans put in place. A timetable of the budget and Council tax setting process for 2011-12 was circulated at the meeting. It was reported that Cabinet would consider a provisional budget on 18 November 2010 which would be recommended to Council on 8 December 2010 and the Council tax base set. This would allow the issue of provisional notification of redundancy notices, termination of agreements etc., to commence.

It was reported that the Government intended to transfer the responsibility for concessionary fares from District Councils to County Councils. The Council was lobbying the M.P. and was also liaising with other Shire councils with regard to the level of the proposed reduction in funding. It was explained that the reduction was being based on what it cost to run the scheme when it was first introduced nationally in 2005/06. The Council at that time also issued tokens, and the scheme was significantly higher than it cost to run in later years due to cuts having been implemented.

The Head of Financial Management explained that the Audit & Governance Committee's role was to ensure that risks were being managed and controls put in place to ensure that Cabinet and Council had comprehensive information on all the implications and consequences when decisions had to be taken. Every option that was being put forward would have legal, human resources, financial and risk implications documented which would be placed on file to which all Members would have access.

21 External Audit of the Statement of Accounts 2009/10 and Management Representation Letter

Consideration was given to the Report of the Head of Financial Management (Enclosure 5.1 - 5.16 of the Official Minutes of the Council).

The Head of Financial Management outlined the process for the approval of the audited statement of accounts for the financial year ended 31 March, 2010 which the authority was required to publish by 30 September, 2010. The Committee having noted elsewhere on the agenda the following additional items:-

- ISA 260 – External Auditors Report
- Statement of Accounts 2009-10

RESOLVED:

That the contents of the Report be noted.

22. External Audit: 2009-10 Audit Opinion Plan – Cannock Chase District Council

Mr. G. Patterson, District Auditor, Audit Commission gave an overview of the Audit Opinion Plan. He explained that the Audit Commission was required to issue an audit report giving an opinion on whether the accounts presented a true and fair view of the financial position as at 31 March 2010. The Commission also needed to be satisfied that the Council had made proper arrangements for securing economy, effectiveness and efficiency in its use of resources. This was known as the Value for Money conclusion.

The Audit Commission had worked closely with Officers during the closedown of the 2009/10 accounts and delivered training to key members of the closedown team.

23. External Audit: Audit Memorandum – Report to those charged with Governance (ISA260)

Consideration was given to the Audit Commission's Annual Governance Report – 2009/10.

Mr. G. Patterson reported that the audit of the Council's Statement of Accounts for the year ended 31 March 2010 was substantially complete, subject to some outstanding audit procedures. He confirmed that, subject to the successful completion of the procedures, he would be issuing an audit report, including an unqualified opinion on the financial statements. He also intended to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Committee was informed that –

- Appendix 2 to the report listed the most significant amendments to the draft accounts;
- Appendix 3 listed the unadjusted misstatements;
- Appendix 4 provided a copy of the draft letter of representation;
- Appendix 5 summarised the key findings and conclusions for each of the Value for Money themes; and
- Appendix 6 contained the Audit Committee's action plan recommendations

The Committee was informed that the content and format of the financial statements would be changing next year with the implementation of new requirements for the accounting for local government bodies in accordance with International Financial Reporting Standards (IFRS). The Audit Commission would provide free training to Members on this issue if required. Mr. Patterson advised that the Commission was still awaiting guidance and he would provide further information to the next meeting.

He considered that when the Audit Commission was abolished, the Government would introduce some form of self regulation and it would be prudent for Councils to have arrangements in place with respect to performance monitoring.

RESOLVED:

That :-

- (A) The contents of the Report of the External Auditors be noted.

- (B) The uncorrected audit differences identified by the audit of the financial statements be noted and that management's determination not to adjust them, be endorsed.

24. Statement of Accounts 2008/09

Consideration was given to the report of the Head of Financial Management (Enclosure 8.1 – 8.5 of the Official Minutes of the Council).

It was reported that the audited statement of accounts, would be considered by Council at its meeting on 29 September, 2010.

RESOLVED:

That:-

- (A) The changes made to the Statement of Accounts for the year ended 31 March 2010 as previously referred to in the External Audit of the Statement of Accounts and Management Representation Letter report and any subsequent agreed amendments as raised in External Audits ISA260 report be noted.
- (B) The Management Representation Letter of the Responsible Finance Officer be approved.
- (C) The contents of the audited statement of accounts for the year ended 31 March 2010 be recommended for agreement by Council on 29 September, 2010.

The meeting closed at 5.35 p.m.

CHAIRMAN