

**BRECKLAND COUNCIL**

**At a Meeting of the**

**GOVERNANCE & AUDIT COMMITTEE**

**Held on Friday, 13 July 2018 at 10.00 am in  
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr W.P. Borrett (Chairman)                      Mr M. J. Nairn  
Mr P. S. Wilkinson (Vice-  
Chairman)

**In Attendance**

Alison Chubbock                                      - Chief Accountant (Deputy Section 151  
Officer) (BDC)  
Alison Riglar    - Manager, Ernst & Young  
Kevin Suter     - Executive Director, Ernst & Young  
Rebecca White                                        - CIPFA Trainee Accountant  
Julie Britton    - Democratic Services Officer

**Action By**

**37/18 MINUTES (AGENDA ITEM 1)**

The Minutes of the meeting held on 12 June 2018 were confirmed as a correct record and signed by the Chairman subject to the following amendments:

1) Minute No. 26/18 – Annual Report on Standards Arrangements

To add the word ‘complaints’ to the last paragraph to read “... Breckland had a vexatious ‘complaints’ policy.....”

2) Minute No. 30/18 – 2017-18 Draft Un-Audited Statement of Accounts

To remove the word ‘what’ from the 2<sup>nd</sup> paragraph on page 10 of the agenda pack to read “....S151 Officer explained that this depended on ~~what~~ how the cash market was performing”.

On page 11 of the agenda pack to add the word ‘stated’ to the 3<sup>rd</sup> answer to read “The Chairman ‘stated’....”

**38/18 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM) (AGENDA ITEM 2)**

None.

**39/18 APOLOGIES (AGENDA ITEM 3)**

Apologies for absence were received from Councillors Paul Hewett, Linda Monument and John Newton.

**40/18 URGENT BUSINESS (AGENDA ITEM 4)**

None.

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**41/18 DECLARATION OF INTERESTS (AGENDA ITEM 5)**

None.

**42/18 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 6)**

None.

**43/18 TRAINING (STANDING ITEM) (AGENDA ITEM 7)**

None.

**44/18 AUDIT RESULTS REPORT YEAR ENDED 31 MARCH 2018 (AGENDA ITEM 8)**

Kevin Suter, Executive Director, Ernst & Young presented the Audit Results report for the year ending 31 March 2018. The report summarised the key findings from the 2017/18 audit and the areas of work that had been covered. The Group accounts had been completed and an **unqualified audit opinion** on the financial statements would be issued (prior to the statutory deadline of 31 July 2018).

Members' attention was drawn to section 2 of the report – the areas of Audit focus that covered the significant risks including the risk of fraud in revenue and expenditure recognition and the misstatements due to fraud and error. Attention was also drawn to the other areas of audit focus including the valuation of land and buildings of which there were no matters to report except for some additional work had to be undertaken which was highlighted on page 26 of the report and the pension liability valuation. The report from the Norfolk Pension Fund Auditor had identified a difference between the actuarial estimate and the actual market value of pension fund assets as at 31 March 2018; however, the accounts had been amended accordingly.

On the matter of value for money, it had been concluded that the Council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Members were informed that following proper process, one objection to the 2017/18 accounts had been received by the Council from a member of the public. The details of the objection were explained. The Executive Director, Ernst & Young advised that following due consideration, the objection had not been accepted; however, a fee of £892 had to be charged to the Council; this fee had not been included in the fee analysis. A response had been sent to the complainant.

Mr Plaskett asked if the £635k understatement of pension fund assets could have been realised sooner. The Executive Director, Ernst & Young explained that the same could occur again the following year due to the Pension Fund actuary and Councils wanting the information earlier and due to any volatility in financial markets - overall it was simply a timing issue. The Chief Accountant and Deputy S151 Officer explained that potentially, in future years, the Council could have the same issue and, if not material, would possibly not be able to amend the difference due to timing.

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Another concern raised by Mr Plaskett was in relation to the date of the audit results report. The Executive Director, Ernst & Young explained that the report had to be dated at the time it was written. The Chairman felt that, in future, the report needed to highlight when it was written as well as the date of the relevant Governance & Audit Committee meeting it was being reported to.

Subject to the above concern, the Audit Results Report was otherwise noted.

**45/18 ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2017-18 (AGENDA ITEM 9)**

The Council was required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2017/18. This report had met the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

The appendices to the report were explained in great detail. Referring to Appendix B on page 65 of the agenda pack, the table at 2.2 not only highlighted the capital expenditure but also highlighted the fact that all had been fully funded and no borrowing had been undertaken. At table 3.4 (page 66 of the agenda pack) the Council had made more investments in 2017/18 and therefore the cash balances were slightly higher due to lower capital spend.

Councillor Nairn asked about the Icelandic monies and if there was any further money still to come. Members were informed that there was still around £40k that remained to be paid to the Council.

In response to a number of questions, further information was provided on the PFI Scheme and the Capital Loans.

**RECOMMEND** to Council that:

1. the actual 2017/18 prudential indicators be approved; and
2. the Treasury Management Stewardship report for 2017/18 at Appendices B and C of the report be noted.

**46/18 AUDITED STATEMENT OF ACCOUNTS 2017-18 (AGENDA ITEM 10)**

The Chief Accountant & Deputy S151 Officer presented the audited Statement of Accounts 2017-18. It was noted that the only major adjustment to the accounts since the last meeting was the reduction in the pension deficit of £635k.

The Statement of Accounts now included the Audit Opinion that had now been agreed and would form part of the printed accounts to be signed today. Copies would be provided to Members.

Most of the amendments that the Committee requested at the previous

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meeting had been incorporated; however, there were some that had not been updated but would be for next year, for example, the question relating to whether the number of dwellings should be added against the number of planning applications under the narrative had not been added due to Capita not holding that information in that particular format.

The Chairman had noticed that the age structure had not been amended as previously requested by Councillor Monument. Members were informed that this had not been included due to a timing issue but would be included in next year's accounts.

Mr Plaskett drew attention to page 125 of the agenda pack. He was concerned by the amount of differences to the figures compared to what was shown in the draft Statement of Accounts. The Chief Accountant explained that these changes were due to the final actual amounts.

Another question asked was on page 143 of the agenda pack in relation to the exit packages. Members were informed that the Council had always made a provision for such packages but it had never been shown in the note. This matter had been picked up this year by the auditors.

Following a further concern in relation to changes to the figures contained on page 163 of the agenda pack relating to the prior year, it was noted that in the previous year, draft accounts for Breckland Bridge had been used and based on the audited accounts, there was not a material difference and therefore should not be adjusted in the prior year, but in the current year instead.

**RESOLVED** that:

1. the Statement of Accounts 2017-18 be approved;
2. the Annual Governance Statement (AGS) 2017-18 be approved;  
and
3. the letter of representation be approved.

The Annual Accounts, already signed by the Executive Director of Commercialisation & S151 Officer, were signed by the Chairman of Governance & Audit Committee at the end of the meeting.

**47/18 WORK PROGRAMME (AGENDA ITEM 11)**

It was agreed that a presentation by the Norfolk Pension Fund would be held at a later date following a Governance & Audit Committee meeting. Date to be confirmed.

AC

**48/18 NEXT MEETING (AGENDA ITEM 12)**

The Chairman asked if the date of the next meeting could be changed to the week before or the week after the 21<sup>st</sup> September 2018. These dates would be circulated to Members accordingly.

JB

The meeting closed at 10.40 am

CHAIRMAN