

ACCOUNTS AND REGULATORY COMMITTEE

29 JUNE 2010

Present :- Councillor Dennis Willetts (Chairman)
Councillors Christopher Arnold, Nick Cope,
Scott Greenhill, Sue Lissimore, Jon Manning,
Colin Mudie, Kim Naish and Colin Sykes

Also in Attendance :- Councillor Paul Smith

3. Minutes

The minutes of the meetings held on 20 October 2009 and 19 May 2010 were confirmed as a correct record.

4. Audit Opinion Plan 2009-10 and Annual Audit and Inspection Fee Letter

Ms. Debbie Hanson, District Auditor and Ms. Christine Connolly, Senior Audit Manager, both from the Audit Commission (AC) attended the meeting for this item.

Ms. Hanson introduced the report Audit Opinion Plan 2009-10 and Annual Audit and Inspection Fee Letter. Ms. Hanson said the fee had been revised upwards to take account of the additional substantive testing required on payroll data to obtain sufficient assurance over the expenditure within the accounts. Ms. Hanson gave a detailed explanation of each specific risk as identified in table 1 of paragraph 14 of the report.

In response to Councillor Willetts, Ms. Hanson said despite the identification of specific risks, Colchester remained on top of audit issues, was a progressive Council. Checks and testing are carried out where specific risks are identified, though no significant risk(s) has been identified. Ms. Hanson complimented the Council officers on their preparation for the implementation of IFRS and said Colchester is ahead of most other authorities in this regard.

Ms. Connolly confirmed to Councillor Arnold that in respect of the weaknesses in the payroll data, the AC relied upon the Internal Auditor who themselves could not rely on controls and therefore could not give more than a limited assurance. The additional testing was now complete. Councillor Arnold was pleased that the recommendation was now implemented albeit at an additional cost to the Council.

Ms. Hanson presented the Annual audit and inspection fee for 2010-11, increased mainly due to the one-off element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities in 2010-11, a cost of £9,046, to be refunded by the AC. Ms. Hansen also expected the Managing Performance Assessment fee of £9,152 to disappear.

Ms. Connolly presented the Certification of claims and returns annual report, the Council's management of funding from government grant paying departments.

Ms. Connolly, in response to Councillors Willetts and Arnold, said she was not sure whether the new form of Housing Revenue Account financing (possibly to be introduced in 2011-12 or 2012-13) would be overseen through this method of audit. Councillor Arnold asked Councillor Smith, Portfolio Holder for Resources and Diversity, to consider and comment on this in regards of Colchester's consultation response to be heard at tomorrow evening's Cabinet meeting.

RESOLVED that the Committee considered and noted the contents of the Audit Opinion Plan – Audit 2009-10, Annual Audit and Inspection Fee Letter 2010-11 and Certification of claims and return – Annual Report.

Councillor Christopher Arnold (in respect of being Colchester's Trustee to the Cory Trust) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Colin Sykes (in respect of his spouse being a Board Member of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

5. Review of the Governance Framework and Draft Annual Governance Statement

Ms. Hayley McGrath, Risk and Resilience Manager, presented the report on the Review of the Governance Framework and Draft Annual Governance Statement. Ms. McGrath explained that there was a duty of the Council to conduct an annual review of the effectiveness of its governance and internal control arrangements, reiterating the six principles of Corporate Governance. Ms. McGrath gave feedback on the internal control issues relating to 2009-10 and the subsequent action plan for 2010-11, though saying there are no fundamental governance issues or concerns.

In response to Councillor Willetts, Ms. McGrath said the Monitoring Officer

would be the Lead Officer on producing an Annual Report on Members Appointed to Outside Bodies that would include an assessment of all significant appointments, including attendance and impact, a standard reporting format, and would be reported to the Accounts and Regulatory on an annual basis.

Ms. McGrath, in response to Councillor Sykes, said that in respect of Governance Awareness, it was important that the Council could demonstrate a starting point of knowledge for officers, which it could not at this time, and from there organise awareness training and demonstrate compliance. Ms. McGrath said Colchester Borough Homes was an arms length organisation that has its own governance arrangements, and these would be included within the Council's review, along with other Governance Statements for the Colchester and Ipswich Museum Joint Committee and the Parking Partnership.

RESOLVED that the Committee considered and noted the review of the Council's compliance with the six principles of good governance including the review of effectiveness on the internal control arrangements and approved the Annual Governance Statement.

6. Draft Annual Statement of Accounts

Mr. Steve Heath, Finance Manager, presented the report on the Draft Annual Statement of Accounts 2009-10 saying this was the process for bringing the accounts into the public domain. Bringing the accounts into the public arena will demonstrate public ownership and these will be audited in July – August. The Accounts and Regulatory Committee will approve the audited accounts and publication of these accounts at the September and October meetings.

In response to Councillor Willetts, Mr. Heath said the VAT refund of £657,000 was not put into the 2010-11 accounts as it did not relate to that year. The refund relates to activities dating back to the 1970's and was put into the 2009-10 accounts as it was not possible to put into any of the preceding years accounts.

Mr. Heath explained to Councillor Naish that the fall in interest received was to a large degree due to the 2008-09 economic down-turn and the banking collapse.

RESOLVED that the Committee considered and noted the report and supporting information and approved the pre-audited Statement of Accounts 2009-10.

The Chairman and panel commended officers for their hard work in preparing the annual governance statements and Draft Annual Statement of Accounts within the statutory deadlines.