

Finance & Audit Committee

Tuesday, 10 July 2017

7:30pm

Present:

Cllr Derek Shelbrooke (Chair)
Cllr Karen Hurdle (Vice-Chair)

Cllrs: John Burden
William Lambert
Lesley Boycott
Jenny Wallace
Shane Mochrie-Cox
Peter Rayner
Robin Theobold

Sarah Parfitt	Assistant Director (Corporate Services)
Alex Jarvis	Principal Accountant (HRA & Exchequer)
Andrew Barnett	Principal Accountant (General Fund)
Ben Clarke	Committee & Scrutiny Assistant (Minutes)

11. Apologies

Apologies of absence were received from Colin Caller and Lenny Rolles. Cllrs Shane Mochrie-Cox and Jenny Wallace were their respective substitutes.

12. Minutes

The minutes of the meeting on the Tuesday, 14 March 2017 were signed by the Chair.

13. Declarations of Interest

Cllr John Burden declared an 'other interest' in Item 6. Draft Statement of Accounts – 2016/17 in that he is a Member of the Kent Superannuation Fund Committee which is mentioned in Page 86 of the report.

14. Statement of Accounts Training

The Committee received a presentation from the three finance officers present on the Statement of Accounts (please see supplementary):

Officers highlighted the following:

- Stuart Bobby is the designated Section 151 Officer and Sarah Parfitt is the Deputy Section 151 Officer; the S151 officer is responsible for the proper administration of the council's financial affairs and has responsibility for signing off the Statement of Accounts
- The purpose of the Statement of Accounts is to present a 'true and fair' view of the Council's financial position at the end of the financial year and the transactions during the year. The statement includes a Narrative Report which provides a summary of

the Councils financial performance of the year, as well as contextual information about the Council and its non-financial performance during the year.

- The four Primary Financial Statements are:
 - Comprehensive Income and Expenditure Account (Page 57), detailing the revenue income and expenditure during the year and how this has been financed.
 - Balance Sheet (Page 58) showing the net worth of the council as at 31 March
 - Movement in Reserves Statement (Page 59) summarising how the reserves have been affected by the activity of the council during the year.
 - Cash Flow Statement (Page 60) summarising how cash how flowed into and out of the council during the year.

- There are also four Supplementary Statements:
 - Housing Revenue Account (HRA) (Page 101) showing the revenue income and expenditure attributable to the HRA during the year
 - Collection Fund (Page 93) representing the movements in the year on the account maintained by the council to hold transactions relating to the collection of council tax and business ratesStatement of Responsibilities (Page 20) which will be signed by both the Section 151 Officer and the Chair of the Finance & Audit Committee to confirm the existence and operation of proper financial arrangements during the year.

As part of the council's efforts to 'declutter' the accounts, the Annual Governance Statement no longer forms part of the Statement of Accounts, but is published in its own right alongside the Statement.

During the presentation Members asked a series of questions, to which officers highlighted the following:

- The format change to the CIES (Slide 8) has meant that it will be no longer possible to directly compare between different Councils. Prior to this year they were required to be presented using specific service headings but now each Council is able to use different headings based on their management reporting arrangements, making comparing no longer possible
- Infrastructure assets would include assets held by the council such as the Canal Basin walkway and the Town Pier Pontoon
- The rent levels have decreased within the Housing Revenue Account due to government legislating for an annual 1% reduction in rents and less council houses being available for rent due to an increase in Right to Buy Sales

The Principal Accountant (General Fund) stressed that the Statement of Accounts is very technical but the overall performance for the Council is reflected best in the Outturn report.; this was presented to the Committee in June.

The Assistant Director (Corporate Services) wrapped up the training session by highlighting the following points:

- The Accounts are being audited by the external auditors at the moment; they have been in for a week and are hoping to substantially finish the audit by Friday 14th.
- At this moment in time nothing of note has arisen from the audit but the full outcome will come to the Committee in September along with any changes, if necessary, that need to be made
- Once Members have reviewed and discussed the Statement, taking into account the findings of the External Auditor and any subsequent changes made, the Chair and S151 Officer will sign it off.

The Chair thanked the officers for an informative presentation.

15. Draft Statement of Accounts - 2016/17

Members were presented with the draft Statement of Accounts for 2016/17, subject to audit by Grant Thornton LLP.

The Chair went through the main sections of the report asking Members to raise their hands if they had any relevant questions or comments:

- It was discussed and agreed by the Committee that the language is very complex within the report; it needs to be worded differently, just in the report that Members see, so that they have a better understanding; an example would be instead of always writing 'Narrative Statement', it could say 'Written Statement' etc
- A training session would be good if officer time was available, just explaining the technical terms and giving a basic understanding of finance to help better understand future reports
- The document should be proof read by members of staff who aren't in the Finance department to test to see if they can understand what is being written; this will be a good guide as to how Members will also understand them

The Assistant Director (Corporate Services) and the Principal Accountant (General Fund) responded to the Members questions:

- Some of the terminology cannot be simplified too much due to the requirements of the Accounting Codes of Practice. Any deviations from this would be picked up and reported on by the auditors. would pick up on like the 'Narrative Statement' for example but the point will be taken under advisement to try and simplify where it is allowed, for better Member understanding
- There is a general section on Page 12 of the agenda (covering report) which highlights the three significant changes made to the Statement of Accounts from the previous year as a result of changes to the Code of Practice
- There is a glossary of terms at the back of the report intended to explain some of the more technical terms and phrases
- A training session on financial terminology could be considered for next year's Member training schedule

The Chair proffered an idea that a cross party sub working group could be formed to discuss the glossary of terms and review the descriptions used to assist in understanding the technical terms used in the Statement.

The Assistant Director (Corporate Services) agreed this was a good idea and advised she would look into establishing this working group in liaison with the Chair. The Assistant Director (Corporate Services) reminded Members that there is a 'Local Government Finance Training Explained' session scheduled to be delivered by an external provider on Monday, 17 July 2017 at 7:30pm which Members may find beneficial to attend

Close of meeting

The meeting ended at 9:32pm.