

Finance & Audit Committee

Tuesday, 24 July 2018

7:30pm

Present:

Cllr Karen Hurdle (Chair)
Cllr Robin Theobald (Vice-Chair)

Cllrs: Lesley Boycott
John Burden
Leslie Hills
William Lambert
Shane Mochrie-Cox
Peter Rayner
Lenny Rolles

Stuart Bobby	Director (Corporate Services)
Sarah Parfitt	Assistant Director (Corporate Services)
James Larkin	Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)
Alexandra Jarvis	Principal Accountant (Housing & Exchequer)
Andrew Barnett	Principal Accountant (General Fund)
Darren Wells	External Auditor, Grant Thornton
Ben Clarke	Committee & Scrutiny Assistant (Minutes)

64. Apologies for Absence

No apologies of absence were received.

65. Minutes

The minutes of the meeting on Tuesday, 12 June 2018 were signed by the Chair.

66. Declarations of Interest

No declarations of interest were declared.

67. Provisional Outturn Report 2017-18

The Principal Accountant (General Fund) advised that the report gives details on the provisional outturns for 2017-18 and on page 12 of the report there is an executive summary which outlines the key points for the General Fund (Revenue), General Fund (Capital), HRA (Revenue) and Housing Capital.

General Fund (Revenue)

The provisional outturn position for the year was an underspend of £945,890. This was generated primarily due to action taken by the council during the year to realise base budget

reductions through the delivery of *Bridging the Gap* activity. Action to manage vacancies and other workforce matters resulted in employee-related costs being lower than originally anticipated and in-year pressures were effectively managed. The Council also benefitted from growth in the level of business rates retained, primarily as a result of the Council being part of the Kent Business Rates Pool. These contributed to a reduced need to call on the Council's Working Balances, with the level of Working Balances at year end at £7.31m (subject to audit), constituted of the minimum working balances of £1.25m, the General Fund reserve of £2m and usable Working Balances of £4.06m.

Movements in the year have provisionally resulted in a net increase in reserves of £0.44m, with the level of reserves being £7.06m at start of year and projected to be £7.50m at year end.

General Fund (Capital)

The final outturn of the General Fund Capital Programme for the year was £4.40m, against budgeted expenditure of £13.74m. Capital budgets totalling £9.29m have been carried forward to 2018/19, principally relating to the Council's Commercial Property Acquisition Strategy.

HRA (Revenue)

At the end of the financial year, income and expenditure was balanced. Main movements from the original budget for the year related to a change in funding source for the New Build/Acquisition programme, effective management of vacant posts higher than expected income from rents and non-dwelling fees and charges and work undertaken during the year to improve the efficiency and effectiveness of the repairs and maintenance function.

The level of Working Balances at year end remained at £3.0m, the minimum level of Working Balances for the HRA. Movements in the year resulted in a net increase in the General HRA Reserves of £2.82m, with the level of reserves being £4.62m at start of year and projected to be £7.44m at year end.

Housing Capital

The final outturn of the Housing Capital Programme for the year was £13.35m, against the budgeted expenditure of £14.77m.

The Principal Accountant (General Fund) and the Principal Accountant (Housing & Exchequer) further elaborated on the main points of the report summarising the figures for the below areas:

- The 2017/18 provisional General Fund Revenue Outturn and movements in the General Fund working balances and earmarked reserves
- The 2017/18 provisional General Fund Capital Outturn
- The 2017/18 provisional Housing Revenue Account Revenue Outturn and movements in the Housing Revenue Account working balances and earmarked reserves
- The 2017/18 provisional Housing Revenue Account Capital Outturn

- The progress of the 'Bridging the Gap Activity' and related savings made during 2017/18

Market

A lengthy discussion was had surrounding the Market and the lack of diverse traders there which were needed to increase footfall and make the Market a profitable venture. The Director (Corporate Services) advised that he would arrange for a document to be circulated which outlined further details about the market and the plans to improve its performance.

The Chair thanked the officers for an informative update.

68. The Audit Findings for Gravesham Borough Council - Year ended 31 March 2018 - report to follow.

The Committee was informed of the findings of the council's External Auditor, Grant Thornton UK LLP, from the audit of the council's financial statements and arrangements for securing Value for Money for the year ended 31 March 2018.

The External Auditor advised that it was concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources for the year ending 31 March 2018.

The External Auditor, Grant Thornton advised the Committee that the work to prepare the Statement of Accounts for 2017/18 carried out by the finance team was very accurate and the external audit produced no significant problems of note. There were a few minor amendments agreed that are not included in the report due but none of them were of any consequence and the Council's work was to an excellent standard. An unqualified opinion in respect of the financial statements of the Council for the year 2017/18 is anticipated to be given by the end of the week.

In response to a Members concern over who 'audits the auditors', the External Auditor, Grant Thornton, stated that they have randomly selected audits reviewed by the Financial Reporting Council. The FRC review the work, promoting transparency by showing the outcome of the audit checks in an audit quality report; the audit quality report on the inspection of Grant Thornton's work gets published annually on the FRC's website.

Resolved that the Committee noted the information contained within the report.

69. Statutory Statement of Accounts 2017-18 - report to follow.

Members were provided with the audited Statement of Accounts for 2017/18.

A robust discussion was held between officers and Members and Members were advised that as set out in the Audit Findings report, the audit is substantially complete and subject to outstanding queries being resolved, the External Auditors anticipate issuing an unqualified audit opinion after the Committee meeting. Members were asked to agree that the Chair would sign the Statement of Accounts for the Council subject to any final comments received by the External Auditor.

The Assistant Director (Corporate Services) assured the Committee that any amendments received with regard to the Statement of Accounts would be relayed to Members of the Committee.

The Assistant Director (Corporate Services) stated that a letter of representation drafted on behalf of the Council in connection with the audit of the Financial Statements of the Council is attached at appendix four. It sets out the Council's confirmation that the financial statements provide a true and fair view.

Resolved that Members:

- Considered the updates to the Statement of Accounts for 2017/18, set out in Appendix Two as identified by the audit process, and approved the amended Statement of Accounts for 2017/18 as attached at Appendix Three.
- Agreed that the Chair of the Finance & Audit Committee sign the Statement of Accounts for the Council, subject to any final comments received by the External Auditor. Any amendment required to the Statement of Accounts will be notified to Members of the Finance & Audit Committee.
- Approved the letter of representation at appendix four to the report for signing by the Chair of the Finance & Audit Committee.

70. Review of Finance & Audit Committee Terms of Reference

Members were informed of updates made to the CIPFA Position Statement on Audit Committees in Local Authorities and Police and of a proposal to update the Terms of Reference of the Finance & Audit Committee in light of the updated CIPFA Position Statement.

The Assistant Director (Corporate Services) stated that the current Terms of Reference were reflected in the Constitution of the council and had remained unchanged for a number of years. A copy of the current Terms of Reference of the Committee was provided at Appendix Two for Members' information.

The Assistant Director (Corporate Services) stated that a proposed update to the Terms of Reference was attached at Appendix Four, with a summary of the key updates made attached at Appendix Five for Members information.

Members were happy with the minor changes proposed. Members requested that the guidance for the committee be updated to reflect any changes and circulated to the Committee, with the recent changes highlighted so that Members could easily see what has been updated.

Resolved that the Finance & Audit Committee recommend to Full Council that the proposed update to the Terms of Reference of the Finance & Audit Committee be adopted.

Close of meeting

The meeting ended at 8:40pm.