

ACCOUNTS APPROVAL SUB-COMMITTEE

18 DECEMBER 2003

Chair: * Councillor Ingram

Councillors: * Blann
* Osborn (1)* Pinkus
* Thammaiah

* Denotes Member present

(1) Denotes category of Reserve Member

PART I – RECOMMENDATIONS - NIL**PART II - MINUTES**1. **Appointment of Chair:****RESOLVED:** To note the appointment at the Overview and Scrutiny Committee meeting held on 25 November 2003 of Councillor Mark Ingram as Chair of the Sub-Committee for the Municipal Year 2003/04.2. **Attendance by Reserve Members:****RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Member:-Ordinary MemberReserve Member

Councillor Versallion

Councillor Osborn

3. **Declarations of Interest:****RESOLVED:** To note that there were no declarations of interests made by Members in relation to the business to be transacted at this meeting.4. **Arrangement of Agenda:****RESOLVED:** That (1) in accordance with the Local Government (Access to Information) Act 1985, the following agenda item be admitted late to the agenda by virtue of special circumstances and grounds for urgency detailed below:-Agenda itemSpecial Circumstances/Grounds for Urgency

10. Report of the Auditor under SAS 610 on Statement of Accounts 2002-2003

The External Auditors have only just substantially completed their field work. A number of pieces of information and explanations from officers were only provided recently. The Auditors were therefore not in a position to complete the report in time for dispatch with the main agenda.

The Sub-Committee needs to consider and deal with the External Auditors' report to enable the accounts to be approved and published before the statutory deadline of 31 December 2003.

(2) all items be considered with the press and public present.

5. **Terms of Reference:****RESOLVED:** That the Terms of Reference of the Sub-Committee, as agreed by the Overview and Scrutiny Committee on 25 November 2003, be noted.6. **Minutes:****RESOLVED:** To note that there was no predecessor body to this Sub-Committee from which to receive minutes.

7. **Public Questions:**

RESOLVED: To note that no public questions were put at the meeting under the provisions of Overview and Scrutiny Procedure Rule 8.

8. **Petitions:**

RESOLVED: To note that no petitions were received at the meeting under the provisions of Overview and Scrutiny Procedure Rule 9.

9. **Deputations:**

RESOLVED: To note that no deputations were received at the meeting under the provisions of Overview and Scrutiny Procedure Rule 10.

10. **Report of the Auditor under SAS 610 on Statement of Accounts 2002-2003:**

The Sub-Committee received the report of the external auditors on the Statement of Accounts 2002-2003, which had been tabled.

The Executive Director (Business Connections) reminded Members of the new requirement under audit regulations for a Committee of the Council to receive and consider the external auditors' report. He outlined the background to the production of the report, and advised that consideration would be given in the new year to ways in which this process could be streamlined for future years. He also highlighted that the deadline for the conclusion of the audit, and the publication of the accounts, would be brought forward in future years.

Nigel Johnson and Jackie McCarthy of Deloitte and Touche, who were in attendance, were welcomed to the meeting. Mr Johnson introduced the report, which summarised the principle matters arising from the audit of the accounts for 2002/03. It also set out the external auditors' audit approach, and highlighted significant weaknesses in general computer controls which had been set out in a separate report to management. It was confirmed that the auditors would be issuing an unqualified opinion on the accounts of both the Council and the Council's pension scheme. Mr Johnson thanked the officer team, including the officers of Internal Audit, for their support and assistance during the year.

In response to questions from Members, clarification was given of the auditors' assessment of materiality, and further information was provided on a number of issues arising from the audit. In particular, it was confirmed, in response to Members' concerns, that resolution of the issues raised in relation to capital financing and S117 of the Mental Health Act 1983 liabilities would not affect the consolidated revenue account. In addition, some of the actions which would be taken in response to issues raised were outlined; these included looking at the reclassification of some of the insurance provisions as earmarked reserves, seeking a legal opinion on the issues surrounding commuted car parking gifts, and checking that new housing benefits software had better arrangements than the current software for reporting on private tenant housing benefit overpayments.

Members were very concerned, with regard to the other matters discussed with management, that the Council had not retained key legal documents accounting for the Rayners Lane housing transfer. It was advised that this issue would be brought to the attention of the Monitoring Officer, and Internal Audit would also be asked to look at the relevant internal control systems for this.

In response to Members' questions, it was advised that officers had been aware of some, but not all, of the system weaknesses identified in the report. Key issues would, however, be followed up by Internal Audit. The external auditors advised that the significant weaknesses in general computer controls had been highlighted because they had not received action plans for these items, and they urged officers to draw up action plans to address these issues as soon as possible. Members expressed concern about some of the weaknesses identified, and requested that the action plans for addressing these issues be submitted to the Overview and Scrutiny Committee.

There was also some concern as to whether the Sub-Committee was the appropriate body to which this report should be submitted. Officers noted this concern, and advised that a report would be submitted to Council in the new year, which would make proposals to clarify the arrangements for dealing with the report in future years. The Chair suggested that the body to which this was delegated should also be involved in the planning of the audit of the accounts.

RESOLVED: That (1) officers submit the action plans drawn up to address the significant weaknesses in general computer controls to the Overview and Scrutiny Committee; and

(2) the report of the external auditors be noted.

(Note: The meeting having commenced at 7.31 pm, closed at 8.47 pm)

(Signed) COUNCILLOR MARK INGRAM
Chair