

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 28 September 2011.

PRESENT: Councillor Clark (Chair), Councillors Brunton, Hawthorne, Mrs H Pearson, OBE, P Purvis and M Saunders.

OFFICERS: B Baldam, C Davies, D Hall, S Harker, R Long, M Padfield, R Painter and P Slocombe.

****ALSO IN ATTENDANCE:** N Cooke, Audit Senior Manager, Deloitte.
J Boyle, Assistant Manager, Deloitte.

**** DECLARATIONS OF INTEREST**

No Declarations of Interest were made at this point of the meeting.

**** MINUTES**

The Minutes of the meeting held on 13 July 2011 were taken as read and approved as a true record.

**** SUSPENSION OF COUNCIL PROCEDURE RULE NO. 10 – ORDER OF BUSINESS**

In accordance with Council Procedure Rule No. 10, the Committee agreed to vary the order of business to deal with the items in the following order: Agenda Item 6, Agenda Item 7, Agenda Item 4, Agenda Item 5 and Agenda Item 8.

**** EXCLUSION – PRESS – PUBLIC**

ORDERED that the press and public be excluded from the meeting for consideration of Agenda Item 7 only on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

SCHOOL GOVERNING BODIES – APPOINTMENT OF LOCAL AUTHORITY SCHOOL GOVERNORS

A report of the Head of Commissioning and Resources was presented regarding vacancies for Local Authority appointed School Governors that had arisen as a result of resignations, the expiry of terms of office or the removal of Governors due to non-attendance and any vacancies deferred from previous meetings of the Corporate Affairs Committee.

It was noted that there were currently 15 vacancies out of a total of 142 Governorships for Local Authority representatives, which equated to 10.56%. The nominations received for such vacancies were outlined in Appendix 1 of the report submitted and a further update was tabled at the meeting.

ORDERED as follows:-

1. That the following appointments be approved for a four-year term of office:

<u>School</u>	<u>Governor</u>
Abingdon Primary School	Mrs M Nugent (wef 28.9.11) Councillor R Brady (wef 31.12.11) Councillor J McPartland (wef 31.12.11) Councillor P Khan (wef 14.2.12)
Acklam Whin Primary School	Councillor J Brunton (wef 14.2.12)

Archibald Primary School Ayresome Primary School	Councillor W Hawthorne (wef 28.9.11) Mr R Peacock (wef 31.12.11)
Berwick Hills Primary School	Councillor E Dryden (wef 14.2.12)
Breckon Hill Primary School	Mrs F Duncan (wef 28.9.11) Miss K Huddart (wef 28.9.11) Mrs R Walters (wef 28.9.11)
Caldicotes Primary School	Councillor G Purvis (wef 28.9.11) Mrs S Hamlin (wef 31.12.11)
Easterside Primary School	Councillor M Carr (wef 14.2.12)
Green Lane Primary School	Councillor N Hussain (wef 28.9.11) Mrs H Ellis (wef 31.12.11)
Lingfield Primary School	Councillor C Hobson (wef 14.2.12)
Marton Manor Primary School	Councillor J Sharrocks (wef 28.9.11) Councillor J Brunton (wef 14.2.12)
Newham Grange Primary School	Councillor R Lowes (wef 14.2.12)
Pennyman Primary School	Mrs E Harris (wef 14.2.12)
Rosewood Primary School	Councillor J Cole (wef 14.2.12)
St Alphonsus RC Primary School	Mrs J McGee (wef 28.9.11)
St Edward's RC Primary School	Mrs W Kelly (wef 14.2.11)
The Avenue Primary School	Councillor B Thompson (wef 31.12.11)
Thorntree Primary School	Councillor P Purvis (wef 31.12.11)
Acklam Grange School	Councillor Mrs H Pearson, OBE (wef 31.12.11)
Prince Bishop School	Mrs J Meikle (wef 28.9.11)

ANNUAL STATEMENT OF ACCOUNTS 2010/2011

The Deputy Director of Resources presented a report to seek Members' approval of the audited 2010/2011 Statement of Accounts.

This was the first year of preparing the statements using the International Financial Reporting Standards (IFRS) Code of Practice and it had been a challenge. The format was different to previous years with much more extensive and comprehensive notes and changes in the accounting treatment of fixed assets, leases and grants received in advance. In addition, the two previous years' balances from 1 April 2009 onwards had to be restated in the new IFRS format.

The principle behind IFRS was that Accounts produced by both the public and private sectors would be comparable. The Accounts were very technical however, and the Director of Resources was consulting with the External Auditor to ascertain whether a more user-friendly summary could be produced in future, in addition to the full Accounts.

Details of the alterations made to the Statement of Accounts since they were last presented in draft form to the Corporate Affairs Committee in July 2011, were shown in the submitted report under the following headings:

- Conversion of Opening Balances into the IFRS Format.
- Capital Accounting/Assets.
- Valuation of Investment Properties.
- Financial Reporting.

The Deputy Director of Resources gave a detailed explanation of each item and explained the reasons for the amendments. It was emphasised that there was no impact on the outturn for the year and the financial standing of the Council was robust.

Extracts from the revised and audited Statement of Accounts 2010/2011 were also included in the submitted report for Members' information. A copy of the full Statement of Accounts had been provided for all Members of the Corporate Affairs Committee and a copy placed in the Members' Library. A copy of the Accounts would be published on the Council's website, once signed by the External Auditor.

Notice was given in the local press for any interested person to inspect, and make copies of, the Statement of Accounts and other supporting documents between 4 and 29 July 2011. There had not been any interested persons this year.

The final Statement of Accounts had been produced within the timetable.

Overall the accounts showed a sound financial position for the Council with the level of balances being in line with the Council's Medium Term Financial Plan.

The Chair, on behalf of the Committee, extended thanks to the Director of Resources and his staff for their efforts in producing the Statement of Accounts under the challenging requirements of IFRS.

ORDERED that the Statement of Accounts 2010/2011 be approved.

2010/2011 AUDIT

The Audit Senior Manager, Deloitte, presented a progress report to the Corporate Affairs Committee on the 2010/2011 Audit. The status of the Audit was as expected at this stage of the timetable as agreed in the Audit Plan.

Details of matters outstanding were listed in the submitted report and on satisfactory completion of these outstanding matters, the External Auditor anticipated issuing an unmodified audit opinion on the financial statements.

The key findings regarding the audit risks identified were detailed in the submitted report and the Audit Senior Manager updated the Committee on the following issues:

- International Financial Reporting Standards (IFRS) conversion of opening balances.
- Format and presentation of IFRS Accounts.
- Complexities of fixed asset accounting.
- Valuation of fixed assets.
- Valuation of investment properties.
- Classification of provisions and earmarked reserves.
- Valuation of equal pay claims.
- Presumed risk of recognition fraud.
- Recoverability of investments.
- Accounting for the voluntary redundancy scheme.
- Presumed risk of management override of controls.

The Audit Senior Manager confirmed that the overall process for IFRS had been well managed by the Council.

As there were no particular issues with the Audit, Deloitte had undertaken a Treasury Review and produced several recommendations for the Council's consideration in terms of improving

efficiency going forward. The risks and recommendations were detailed in Appendix 3 to the submitted report.

The key control recommendations raised during the audit, together with the Council's responses, were summarised in Section 2 of the submitted report. Whilst no significant control weaknesses had been identified during the audit, the External Auditor had noted some areas for potential improvement.

Several control observations had been made in relation to fixed assets. However, Internal Audit were currently in the processing of finalising their Asset Management report and the External Auditor did not wish to duplicate any recommendations. If there were any additional observations these would be reported to the next meeting of the Audit and Governance Committee.

In line with Audit Commission guidance, the value for money work carried out had been light touch and focussed on updating the External Auditor's understanding of arrangements and controls in place. Work in this area was ongoing and a report would be presented to the next meeting of the Audit and Governance Committee. Based on current findings, the External Auditor anticipated issuing an unqualified value for money conclusion.

With regard to other matters, the Committee was informed that during the course of the audit there had been difficulties in obtaining information and a Bank Authority Letter from an individual school and there was a concern that the required information might not be forthcoming before the External Auditor's deadline. The Executive Directors of Resources and Children Families and Learning were involved in resolving this issue.

It was highlighted that the External Auditor's fees had increased by £12,000. The Audit Senior Manager explained that this was a one-off cost due to the additional work required in respect of IFRS.

The final item for the Committee's attention was detailed at Appendix 1 of the submitted report and related to the uncorrected misstatements identified during the Audit. The Committee was required to confirm that after considering all the uncorrected items, both individually and in aggregate, in the context of the Statement of Accounts taken as a whole, no adjustments were required.

ORDERED as follows that:

1. No adjustments were required to the uncorrected misstatements on the Statement of Accounts for 2008/2009, 2009/2010 and 2010/2011.
2. The 2010/2011 External Audit report be received and noted.

ANY OTHER URGENT ITEMS

The Director of Legal and Democratic Services informed the Committee that the Boundary Commission for England had announced a 12-week consultation into proposed changes to parliamentary boundaries.

A report would be presented to the next meeting of the Corporate Affairs Committee regarding the Council's response to the consultation and to seek Members' views for inclusion in the response.

ORDERED that the next meeting of the Corporate Affairs Committee would be held on Wednesday 19 October 2011 at 2.00 pm.