



RUSHMOOR BOROUGH COUNCIL

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

*at the Council Offices, Farnborough on
Monday, 23rd September, 2019 at 7.00 pm*

To:

Cllr J.E. Woolley (Chairman)
Cllr S.J. Masterson (Vice-Chairman)

Cllr J.B. Canty
Cllr A.K. Chowdhury
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Prabesh KC
Cllr P.F. Rust
Cllr Jacqui Vosper

Enquiries regarding this agenda should be referred to the Committee Administrator,
Kathy Flatt, Democratic and Customer Services, Tel. (01252 398829) or email
kathy.flatt@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 4)**

To confirm the Minutes of the Meeting held on 29th July, 2019 (copy attached).

2. **STATEMENT OF ACCOUNTS 2018/19 - UPDATE – (Pages 5 - 6)**

To consider the Executive Head of Finance Report No. FIN1927 (copy attached), which provides an update on audit progress for the Council's Statement of Accounts 2018/19 since the previous meeting held on 29th July, 2019.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm three working days prior to the meeting.

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 29th July, 2019 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr J.E. Woolley (Chairman)
Cllr S.J. Masterson (Vice-Chairman)

Cllr J.B. Canty
Cllr A.K. Chowdhury
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Prabesh KC
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr P.F. Rust.

9. MINUTES

The minutes of the meeting held on 6th June, 2019 were approved and signed by the Chairman.

10. STATEMENT OF ACCOUNTS 2018/19

The Committee received the Executive Head of Finance's Report No. FIN1923, which informed Members of the audit progress for the Council's Statement of Accounts for 2018/19, the process for approving and publishing the Statement of Accounts and to draw to the Committee's attention the fact that the deadline for issuing a final set of audit statements of accounts and audit opinion would not be met by 31st July, 2019.

The Committee was reminded that Council was required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following receipt of this external audit opinion, the Licencing, Audit and General Purposes Committee had delegatory powers to approve the accounts and to publish the approved set of accounts and the audit opinion by 31st July, 2019.

The Committee was advised that the external audit opinion would not be available by 31st July, 2019, primarily due to an ongoing property valuation query related to the valuation of a significant asset, where a second independent valuation had been commissioned by the Council. The Committee noted that the valuation of pension fund liabilities was also to be finalised.

The Committee noted that paragraph 10 (2) of the Accounts and Audit Regulation 2015 outlined the process for publication and approval when an audit had not been concluded by 31st July, 2019, whereby the Council was required to publish as soon as practically possible the reason for not publishing an audited set of accounts by the above deadline. The wording of this announcement in respect of the unaudited statement of accounts for 2018/19 would be agreed by the Council and external auditors in advance of its publication by 31st July, 2019.

The Committee was advised that the Council and external auditors would work together to achieve an audit opinion on a third and final set of accounts by the next Committee meeting on 23rd September, 2019.

The external auditors had provided an External Audit Progress Report and highlighted that risk management was an issue still to be properly addressed by the Council and that an “except for” value for money conclusion in relation to formal risk management would be given in respect of the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources.

In discussion, Members raised a number of detailed queries, which would be answered out of Committee.

RESOLVED: That the Executive Head of Finance’s Report No. FIN1923 be noted.

11. INTERNAL AUDIT UPDATE

The Committee received the Audit Manager’s Report No. AUD1907 which provided an overview of the work completed for quarter 1 and an update to the proposed work to be delivered for quarters 2 and 3. The expected deliverables for quarters 2 and 3 were as follows:

- Purchase of property follow up
- Capital Programme Management
- Estates Management and Commercial Letting
- Community Safety Partnership
- Financial borrowing
- Building Control Partnership
- Taxi licensing
- Contaminated water and soil review
- Procurement
- Risk Management consultancy
- SANGS consultancy
- Car park income reconciliation consultancy
- Follow up on high risk recommendations from previous audits
- PCNs
- PCI DSS
- Treasury Management
- Cash receipting
- Council tax billing and collection
- Ethical governance

- Housing Allocation list

RESOLVED: That

- (1) the Audit Manager's Report No. AUD1907 in respect of work carried out in quarter 1 and the expected deliverables for quarter 2 be noted; and
- (2) the expected deliverables for quarter 3 be endorsed.

12. TREASURY MANAGEMENT OPERATIONS 2018/19

The Committee received the Executive Head of Finance's Report No. FIN1922, which gave details of the treasury management operations carried out during 2018/19, in accordance with the Annual Treasury Management Strategy and its compliance with the treasury and prudential indicators, and with the Treasury Management Code of Practice.

The meeting closed at 8.15 pm.

CLLR J.E. WOOLLEY (CHAIRMAN)

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**LICENSING, AUDIT & GENERAL
PURPOSES
COMMITTEE
23 SEPTEMBER 2019**

**EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN1927**

STATEMENT OF ACCOUNTS 2018/19 - UPDATE

SUMMARY:

The purpose of this report is to inform Members' of audit progress for the Council's Statement of Accounts for 2018/19 since the meeting on 29 July 2019, and to set out the draft timetable for the completion of the audit and provision of the audit opinion. The Committee is reminded that the deadline for issuing a final set of audit statements of accounts and audit opinion of 31 July 2019 was not met.

RECOMMENDATIONS:

It is recommended that the Committee:

- i) Note the process for approval and publication of the statement of accounts

1 INTRODUCTION

- 1.1 The Council published a draft statement of account 2018/19 on 31 May 2019. The Council is required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following provision of the external audit opinion the relevant Council Committee (being Licensing, Audit and General Purposes Committee) is required to approve the accounts and publish both the approved set of account and the audit opinion by 31 July 2019.
- 1.2 As reported to the committee at the meeting on 29 July 2019, the Council's external auditor opinion was not going to be received until after the statutory deadline of 31 July 2019. The delay in the opinion being issued is largely due to material changes in the valuation of the depot and the impact of the McCloud judgement on the Council's pension fund liability.
- 1.3 This report provides members with an update on progress made since July and sets out the timetable that has been agreed with the Council's external auditor for the audit opinion to be provided.

2 PROGRESS SINCE JULY AND TIMETABLE FOR THE AUDIT OPINION

- 2.1 Following discussions both internally within the finance team and with the external auditors, a second independent valuation of the Depot was commissioned to provide additional assurance on the valuation of the asset. The valuation was formally received by the Council on 4 September 2019. Whilst the second valuation from Carter Jonas did show an increase over the original valuation, it is not considered materially different. Therefore, the second valuation confirms the decrease of £6m in the net book value of Property, Plant and Equipment reported in paragraph 3.3 of the 29 July 2019 report. The Council have prepared a revised set of accounts on this basis.
- 2.2 EY have provided the timetable below, which outlines the expected date for the completion of the audit and the audit opinion:
- w/c 23/09/19 to w/c 07/10/2019 – EY on-site at RBC to conclude outstanding audit work
 - 10/11 October 2019 – EY and RBC to discuss Audit Results Report (tbc)
 - 16 October 2019 – Licensing, Audit and General Purposes Committee receive the Audit Results Report from EY and the final Statement of Accounts for approval.
- 2.3 Therefore, it is proposed that an additional meeting of the committee is arranged for Wednesday 16 October 2019 to receive the external audit opinion and approve the Statement of Accounts.

3 CONCLUSION

- 3.1 The council and external auditors will work together to achieve an audit opinion by the proposed additional meeting of Licensing, Audit and General Purpose Committee on 16 October 2019.

Contact Details:

Report author:

Alan Gregory - Finance Manager

01252 398443

Alan.gregory@rushmoor.gov.uk

Head of Service:

David Stanley – Executive Head of Finance

01252 398440

David.Stanley@rushmoor.gov.uk