

LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 27 June 2016 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr A. Jackman (Chairman)
Cllr M.L. Sheehan (Vice-Chairman)

Cllr Liz Corps
Cllr A.H. Crawford
Cllr B. Jones
Cllr S.J. Masterson
Cllr M.D. Smith
Cllr L.A. Taylor
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Councillor Sophia Choudhary.

8. MINUTES

The Minutes of the Meeting held on 26th May, 2016 were approved and signed by the Chairman.

9. EXTERNAL AUDITOR - PROGRESS REPORT - JUNE 2016

The Committee welcomed to the meeting Mr. Adrian Balmer, Manager at Ernst and Young. Mr. Balmer presented his company's audit progress report, a copy of which had previously been circulated to the Committee. The purpose of the report was to provide an overview of the progress made in respect of work to be completed during the 2015/16 audit. The report summarised actions in connection with the fee letter, financial statements, value for money, the appointment of an external auditor, financial close arrangements and set out a timetable showing the key stages of the audit.

RESOLVED: That the audit progress report be noted.

10. STATEMENT OF ACCOUNTS 2015/16 - DUTIES AND RESPONSIBILITIES

The Committee received the Head of Financial Services' Report No. FIN1612, which set out the Council's draft Statement of Accounts and the Committee's duties and responsibilities in respect of the Statement.

The Statement of Accounts for 2015/16 had been prepared in line with CIPFA's Code of Practice on Local Authority Accounting, under International Financial Reporting Standards and in accordance with the Accounts and Audit (England) Regulations 2015. CIPFA recommended practice was to issue the Statements to

'those charged with governance' in advance of the September approval meeting in order to allow sufficient time for due consideration of the information.

The Committee's role was to provide effective scrutiny of the Council's financial statement. This formed part of a system of financial responsibility, as set out in the draft Statement of Accounts. In considering the accounts, the Committee would need to have regard to: materiality; transparency; valuation; consistency; completeness; legality/litigation; classification; economic climate/going concern principle; risk of error; fraud; and, rights and obligations. Once these factors had been considered, Members would also need to be satisfied that the accounts represented a true and fair view of the Council's financial position.

Members would also need to consider what sources of information that could be used to help them to approve the accounts and from whom they might seek assurance. A variety of sources could be used that could supply a clear and consistent message about the financial performance of the organisation. These sources might include: internal audit; the work of the Licensing and General Purposes Committee in considering fraud, risk and internal reporting; statements of senior officers; external audit opinion; inspections by HMRC (VAT, PAYE); financial and performance reports; Members' own knowledge of the affairs of the Council; information regarding economic climate, interest rates, property prices, inflation; and, expert knowledge (eg actuarial reports).

Members raised questions in respect of the accounts being available to members of the public, major legislative changes; and, rogue landlords operating HMOs without the necessary planning permission.

RESOLVED: That the Head of Financial Services' Report No. FIN1612 be noted.

11. TREASURY MANAGEMENT OPERATIONS 2015/16

The Committee received the Head of Financial Services' Report No. FIN1613, which set out the main treasury management activities during 2015/16 and provided an update on the current economic conditions affecting treasury management decisions.

It was noted that the Council's treasury team continued to concentrate on the security of investments, having due regard to the returns available. Continued low interest rates throughout the financial year, coupled with a lack of suitable counterparties with whom to invest, had made this activity challenging. However, overall investment income had outperformed the original budget by around £94,000 and had contributed £894,000 to the Council's General Fund during 2015/16. Members were advised that all treasury management activity during 2015/16 had been carried out in accordance with the Annual Treasury Management Strategy and had complied with the treasury and prudential indicators and with the Treasury Management Code of Practice.

RESOLVED: That the Head of Financial Services' Report No. FIN1613 be noted.

12. INTERNAL AUDIT - AUDIT OPINION

The Committee considered the Audit Manager's Report No. AUD1601, which provided an overview of internal audit, the proposed reporting approach, plan of work for 2016/17 and the audit opinion for 2015/16.

In respect of producing the plan of internal audit work for 2016/17, it was noted that a range of issues had been taken into consideration, including: external audit requirements; risk assessments of activities; corporate initiatives; skills available to undertake the audit; requests from services; alignment of the plan with corporate priorities; and, issues and views raised by Committee Members. Members noted that the audit plan for 2016/17 would focus on: meeting the needs of the external auditors; support of organisational change and development; corporate governance; and, links to the 8-Point Plan.

The Committee was advised that the Public Sector Internal Audit Standards (PSIAS) 2013 (and amended 2016) required the Head of Internal Audit to provide an annual opinion of the Council's system controls. It was noted that the overall adequacy and effectiveness of the Council's framework of governance, risk management and control was appropriate. This opinion was based on the evidence provided from audits carried out in 2015/16 on the major financial systems used by the Council. All high priority audit recommendations had been agreed by senior management and were being introduced. Once implemented, it was felt that these would further improve the Council's overall control environment.

It was also noted that a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme were also required to be reported. Members were advised that work was underway to update this and the results would be reported within 2016/17.

RESOLVED: That

- (i) the Audit Manager's Report No. AUD1601 be noted: and
- (ii) the proposed meeting and reporting cycle for 2016/17, as set out in the Report, be endorsed.

13. ANNUAL GOVERNANCE STATEMENT 2015/16

The Committee considered the Solicitor to the Council's Report No. LEG1608, which sought the approval of the Council's Annual Governance Statement for 2015/16.

Members were advised that the Accounts and Audit Code of Regulations 2015 and Regulation 6 (1) required local authorities to prepare an Annual Governance Statement. These had replaced the Accounts and Audit Regulations 2003 (as amended in 2006 and 2011) which had previously been in place. CIPFA had also published a revised version of its framework document on preparing the Code of Governance entitled Delivering Good Governance in Local Government: Framework (2016 Edition). During the course of 2016 the Council's Code of Governance would be reviewed against this and a revised version would be brought to the Committee

for approval. The Regulations required councils to ensure that their financial management was adequate and effective and that there was a sound system of internal control.

The Annual Governance Statement had to include notification of any significant internal control issues and an action plan to address them. The Committee was advised that no significant issues had been identified for 2015/16. A number of actions for the current year had been identified and would be addressed during the year. The Leader of the Council and the Chief Executive were required to sign the Annual Governance Statement. The Annual Governance Statement, when approved, would be published alongside the Statement of Accounts by 30th September, 2016.

During discussion, a question was raised regarding co-location of the Council with other organisations at the Council Offices and the impact on car parking availability.

RESOLVED: That

- (i) the Annual Governance Statement, as set out in the Solicitor to the Council's Report No. LEG1608, be approved; and
- (ii) the Annual Governance Statement be published with the Council's Statement of Accounts.

The meeting closed at 7.40 pm.

CLLR A. JACKMAN (CHAIRMAN)
