

## CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 302, Technology House, 239 Amphill Road, Bedford on Thursday, 21 October 2010

### PRESENT

Cllr D Bowater (Chairman)  
Cllr R A Baker (Vice-Chairman)

Cllrs Mrs A Barker  
A Shadbolt

Cllrs P Snelling  
B J Spurr

Apologies for Absence: Cllr T Green

Members in Attendance: Cllr M R Jones,

Officers in Attendance: Mr M Bowmer Assistant Director, Financial Services/Chief Finance Officer  
Mrs M Clampitt Democratic Services Officer  
Mr R Ellis Director of Customer and Shared Services  
Mr A King Head of Corporate Finance

Others In Attendance: Mr P King Audit Commission  
Mrs C O'Carroll Audit Commission

#### A/10/38 **Chairman's Announcements**

The Chairman informed the Committee that the Supplementary Annual Governance Report from the Audit Commission would be taken as an urgent item of business prior to consideration of the Central Bedfordshire Council Statement of Accounts 2009/10.

#### A/10/39 **Minutes**

##### **RESOLVED**

**that the Minutes of the meeting of the Audit Committee held on 27 September 2010 be confirmed and signed by the Chairman as a correct record.**

A/10/40 **Members' Interests**

(a) **Personal Interests:-**

None.

(b) **Personal and Prejudicial Interests:-**

None.

A/10/41 **Questions, Statements or Deputations**

No applications had been received under Procedure Rule No. CM9 to speak during the fifteen minute question and statement period at the beginning of the meeting. Furthermore there had been no applications to speak under the Public Participation Scheme on any items included on the Agenda for this meeting.

A/10/42 **Petitions**

The Chairman announced that no petitions had been received.

A/10/43 **Supplementary Annual Governance Report**

The Committee considered the Supplementary Annual Governance Report from the Audit Commission which was issued in conjunction with the Annual Governance Report issued on 22 September 2010 (see Minute No. A/10/32).

The Audit Commission provided the following updates to the report issued on 22 September 2010:-

- Substantive testing – the auditors had just received the outstanding papers which would allow the creditors work to be concluded.
- The cashflow statement was to be audited
- The revised set of accounts review met expectations
- The unadjusted errors had been amended except for the payroll system which was not of concern
- The PFI issue had been revised from £2.6m to an acceptable £18k
- Pension Fund figures for FRS17, which is reported annually, was understated by £1.614m but no adjustment was required.
- Physical verification had items stated which should not have been shown, such as wheelie bins and call recording system hardware. Both items has been corrected.
- Council dwellings were now revalued and not misstated.
- Pension Fund – the split between Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC) had been calculated on head count. This had no impact on the net worth.

- Debtors and Creditors: the detailed breakdowns had been received and six debtors still to be reviewed. Information for 1 debtor was outstanding. The information was outstanding for the 16 Creditors to be tested.
- Errors in the opening balances had resulted in material amendments.

The Audit Commission agreed to issue a final report for publication to the website with all of the updates.

The Value for Money Conclusion confirmed that seven out of the eight outcomes had been met and “except for” financial reporting that is timely, reliable and meets the needs of internal users, stakeholders and local people, the Audit Commission offered an unqualified audit opinion.

## **RESOLVED**

**that the Supplementary Annual Governance Report be noted.**

A/10/44

### **Central Bedfordshire Council Statement of Accounts 2009/10**

The Committee considered the Annual Accounts – 2009/10 report which set out the adjustments to the previously approved Statement of Accounts 2009/10 to allow a satisfactory opinion from the external auditor.

The Head of Financial Strategy provided the Committee with an overview of the changes which had been made to the Statement of Accounts since the 27 September 2010 meeting.

The PFI had been further clarified and the difference was now zero. A meeting had taken place in September and Officers had carried out additional works which had resolved the £18k discrepancy.

#### 6(a) Working Capital Reconciliations

It was noted that non-material amendments to the debtors and creditors had been carried out and a material adjustment had been made to the cash closing balance. Details were contained in Appendix B to the report.

#### 6(b) Substantive Testing on Adult Social Care

The testing had been completed following the September Audit Committee and no issues had been identified.

#### 6(c) Cut-off Testing

The work which validated that the authority had recognised its income and expenditure within the appropriate financial year had been completed with no issues.

#### 6(d) Cash Flow Statement

Final amendments to the Cash Flow were to be agreed with the Audit Commission and would be completed by 31 October 2010.

#### 6(e) Other Outstanding Issues

A number of amendments to the Accounts had been concluded with changes identified in Appendix B to the report.

#### 6(f) Disaggregation of Balances

Whilst the majority of issues associated with the disaggregation of balances were resolved within 6(a) above, the opening Pension Liability and Pension Reserve figures were adjusted following additional information provided by the Actuary. The information had not been available until after the preparation of the draft accounts.

#### 6(g) Valuation of Council Dwellings

A full revaluation exercise of the Council's dwelling valuations was undertaken and the balances were adjusted accordingly. The Audit Commission were content with this (see Minute No. A/10/43).

#### 6(h) Grants and Contributions Unapplied

The adjustments were detailed in Appendix B to the report. It was noted that the Government Grants and Section 106 contributions for capital purposes were held and depreciated until ready to be used at which point the funds are released.

#### 6(i) Schools PFI Schemes

Amendments which do not impact on the balances were to be agreed with the Audit Commission and completed by 31 October 2010.

#### 6(j) Area Based Grants

The Grants were applied to the relevant service headings and income had been removed in line with SORP requirements. Appendix B to the report contained details.

The Head of Financial Strategy explained Appendix B to the Committee. It was noted that no further changes were expected.

It was requested that the Chairman be given delegation in consultation with the Chief Finance Officer to agree any final minor amendments. The Committee were in agreement with this proposal.

Officers provided Members with assurance that procedures had been put into place to prevent similar problems occurring in the future.

**RESOLVED**

**that the amended Statement of Accounts 2009/10 be approved and that the Chairman in consultation with the Chief Finance Officer be given delegated authority to approve any final minor amendments.**

(Note: The meeting commenced at 2.00 p.m. and concluded at 3.20 p.m.)

Chairman .....

Dated .....