

SPECIAL AUDIT COMMITTEE

Tuesday, 29th September, 2009 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Martin (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Ault
Councillor Chambers
Councillor Robertson
Councillor Sears
Ms. K.M. McLeod (Independent Member)

631/09

Apology

An apology for non-attendance at the meeting was submitted on behalf of Councillor Mrs. D. Shires.

632/09

Declarations of Interest

There were no declarations of interest.

633/09

Deputations and Petitions

No deputations were received or petitions submitted.

634/09

Local Government (Access to Information) Act, 1985 (as amended)

There were no items to be considered in private session.

Non-Executive Functions

635/09

Statement of Accounts 2008/09: Post Audit

The report of the Executive Director was submitted:-

(see annexed)

James Walsh (Chief Finance Officer) enlarged upon the report for the benefit of the Committee. He drew attention to Appendix 1 to the report, Grant Thornton's report on the Authority's accounts and ISA 216, and reported that Jon Roberts of Grant Thornton would explain these to the Committee. He continued that Appendix 2 to the report detailed the changes to the statement of accounts as a result of the audit process. He added that the major changes were shown on page 2 of the covering report. The effect of these resulted in an £860,000 reduction in revenue. He then drew attention to Appendix 4 of the report which contained the post audit statement of accounts for 2008/09 and to the changes to the annual governance statement as a result of the ERDF action plan. He added that a further report on ERDF and ESF funding would be submitted to Council and then referred to Audit Committee for consideration.

James Walsh then referred to the signed copy of the letter of representation (Appendix 3 refers) and the signed copy of the annual governance statement which would be forwarded to Grant Thornton. He requested the Committee to, on approval of the accounts, authorise him to distribute copies of the audited statement of accounts to partners and stakeholders.

Jon Roberts (Grant Thornton) reported that the audit had gone very smoothly. The working relationship with officers had been excellent and the standard of documents provided had been good. He indicated that ERDF did not impact on the accounts.

Referring to page 1 of the memorandum, Jon Roberts drew attention to the Executive Summary and reported that an unqualified opinion would be made on the Council's financial statement.

Referring to page 2 of the memorandum, Jon Roberts drew attention to the asset valuation for Birmingham Airport shares and indicated that they were acceptable. With reference to pages 3 and 4, he reported that asset values in the economic climate were fine. With regard to the single status agreement, Jon Roberts reported that the Council had acted correctly in that the financial impact would appear in future years accounts.

Referring to page 4 of the report and the clawback of grant awarded, Jon Roberts stated that auditors were comfortable with this.

With reference to Section 2.3 of the report, matters identified during the course of the audit, Jon Roberts drew attention to residual balances and indicated that depreciation should be calculated on the revalued amount less the estimated residual value of the asset. Regarding bad debt provision, he reported that formal reviews would be required.

Referring to the use of resources scores on page 5 of the report, Jon Roberts stated that the tougher test had been used so although these scores were not as high as previously, the Council had still done well and rated Level 2 overall. He added that the Local Authority should aim for Level 3 next year.

Referring to Sections 2.9 and 2.10 on page 6 of the report, Jon Roberts confirmed that the Authority had not been affected by the Icelandic bank failures. He added that the Council had received a clean bill of health regarding allowances and expenses.

Councillor Robertson referred to the fact that there were a lot of cases to be settled over single status issues. Jon Roberts confirmed that auditors were satisfied with the information supplied so far.

Councillor Robertson referred to ERDF and the Article 15 Direction which might come from Central Government. He asked if it could be a risk for the Council. Jon Roberts confirmed that it would create a risk for the Council to manage.

Councillor Robertson asked if there was a time limit on the production of the certificate. Jon Roberts replied that it would be produced as quickly as possible.

Councillor Chambers stated that he welcomed the comments of Grant Thornton. He referred to the terminology used in the covering report and requested that plain English be used wherever possible. With regard to Section 2.10 of the report regarding allowances and expenses, Councillor Chambers asked how the two Members and two senior officers had been selected. Jon Roberts replied that the biggest claimants had been selected.

Members' attention was drawn to the revised Annual Governance Statement.

After further discussion it was,

Resolved

That the Committee:-

- (1) receives the annual governance report from Grant Thornton on their audit of the 2008/09 statement of accounts and notes the key messages (Appendix 1 refers);
- (2) notes that there have been agreed amendments made to the accounts during the audit (Appendix 2 refers);
- (3) notes the letter of representation attached (Appendix 3 refers);

- (4) notes and endorses the final post audit statement of accounts for 2008/09 (Appendix 4 refers); and
- (5) authorises the Chief Finance Officer (CFO) to distribute copies of the audited statement of accounts to partners and stakeholders.

Termination of meeting

There being no further business, the meeting terminated at 6.22 p.m.

Chairman:

Date: