

Minutes of a meeting of the **Audit Committee** held at Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich on **25 July 2019** at **10.00 am** when there were present:

Mr G K Nurden – Chairman

Mr P E Bulman

Mr A D Crotch

Ms S I Holland

Mrs K A Vincent

Mr N J Brennan and Mr M L Murrell also attended the meeting for its duration.

Also in attendance were the Director Resources, Interim Corporate Finance Manager, Capital Accountant, Financial Accountant, Systems Accountant and the Committee Officer (JO).

Sappho Powell (Ernst and Young) was also in attendance.

8 DECLARATIONS OF INTEREST UNDER PROCEDURAL RULE NO 8

Member	Minute No & Heading	Nature of Interest
Mrs Vincent	10 – Statement of Accounts	Non-pecuniary interest. Any matter relating to NORSE, as Norfolk County Council representative on NORSE Board.

9 MINUTES

The Minutes of the meeting held on 4 July 2019 were confirmed as a correct record and signed by the Chairman.

Minute No: 1 – Minutes

The Director of Resources confirmed that she had consulted the Fraud Officer regarding Members' concerns about the value for money of participating in the Norfolk Fraud Hub. She had confirmed that the Fraud Hub was mostly focusing on fraudulent claims of single person Council Tax discount and that the Council would only receive a small percentage of any of the 25 percent Council Tax that was successfully recovered from claimants.

The Director of Resources confirmed that participation in the Fraud Hub would continue to be monitored to assess if worthwhile benefits were being obtained for Broadland.

It was also confirmed that the changes requested by Members at the last meeting in respect of the Annual Governance Statement would be made before the Statement of Accounts was signed off by the Chairman.

10 STATEMENT OF ACCOUNTS

The Director of Resources congratulated the Finance Team for the tremendous amount of work they had put into drafting the Statement of Accounts.

The Interim Corporate Finance Manager circulated a new draft of the Statement of Accounts, which included a very recent revaluation of the long-term liability of the Pension Fund, which was now being recorded as a central cost in the Finance line, rather than being spread across all Portfolios. The change had no effect on the bottom line of the accounts. Members were advised that pensions were also treated as a non-cash item for accounting purposes, so as to not impact on Council Tax. The Committee confirmed that they would like to receive a presentation on the Pension Fund, which currently had a deficit of £31m, at a future meeting.

The Statement of Accounts was prefaced by a Narrative Report that set out the context of the Council, its finances and future plans. It then continued with a Statement of Responsibilities in respect of the preparation of its accounts and the Annual Governance Statement which explained its system of governance.

The Core Financial Statements set out the expenditure of the Council in the delivery of services. This included a Comprehensive Income and Expenditure Statement; a Movement in Reserves Statement, a Balance Sheet and a Cash Flow Statement.

Members were asked to note a surplus in the General Fund of £1.7m. The surplus included an underspend across a range of services of £0.5m.

There had been a revision for the treatment of contracts with customers. This meant that licenses were recorded over the life of the period over which it would operate, rather than when they were issued. Planning was the most significant area in respect of this, as it was impossible to predict with certainty how long the process would last. The Community Infrastructure Levy was also a significant area in respect of these changes.

The Council had put aside £2.7m to address successful appeals lodged against Business Rates assessments. It was hoped that the revaluation of Business Rates would become more frequent, so that the Council could have greater certainty about its income streams.

In response to a number of queries the following issues were noted:

- The Council regularly achieved growth in its National Non-Domestic Rate retention. Last year it was £77.6m, in 2018/19 it was 78.5m.

- The Recession Mitigation Fund had now been closed down.
- It was considered prudent to maintain a budget of £14,000 to cover unexpected losses at CNC Building Control.
- Car loans were treated as a benefit in kind and taxed.
- Approximately £900,000 of the £1.1m spent as capital grants was for Disabled Facilities Grants and the Warm Home Fund.

RESOLVED

- (1) to approve Broadland's Statement of Accounts (attached at Appendix 1 to the signed copy of these Minutes); and
- (2) to sign off the Letter of Representation (attached at Appendix 2 to the signed copy of these Minutes).

11 AUDIT RESULTS 2018-19

The report summarised the preliminary conclusion of External Audit in respect of the 2018/19 audit of the Council.

The Audit of the financial statements for the year ended 31 March 2018 was substantially complete and in line with the Audit Plan. Subject to the satisfactory completion of a number of outstanding items, it was anticipated that an unqualified opinion on the Council's financial statements would be issued.

Members were advised that there was an ongoing national issue in respect of the public sector pension scheme transition, which may require a late change to the pension fund accounts and the financial statements had recognised this matter as a contingent liability.

Areas of audit focus were: management override, Business Rates appeals provision, the valuation of land and buildings and the pension liability valuation. Although the pension liability had increased by £433,000, as a result of an adjustment relating to the McCloud case, this had no effect on the General Fund.

The audit had identified that five Members had failed to return their Related Party Transactions forms for 2018/19. It was noted that following the district council elections in May some of these Members were no longer District Councillors. Members were advised that Committee Services would liaise with group leaders to get a better response from Members in respect of their

Related Party Transactions forms in future.

The report concluded that the Audit give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended; and the financial statements had been prepared in accordance with local authority accounting standards.

The meeting closed at 11.52 am