

**AD-HOC SUB-COMMITTEE (GOVERNANCE MATTERS)
15TH SEPTEMBER 2008**

PRESENT: Councillors Bokor, Edwards, Jukes, Miah, Osborne,
Tormey and Wise

1. APPOINTMENT OF CHAIR

RESOLVED that Councillor Jukes be appointed as Chair for the meeting.

2. DISCLOSURES OF PERSONAL INTEREST

No disclosures of personal interest were made.

3. PURPOSE OF THE SUB-COMMITTEE

At its meeting on 1st September 2008, the Council had set up this Sub-committee on a one-off basis to consider the External Auditor's Annual Report on Governance and the Council's Letter of Representation on the 2007/08 Annual Accounts. The background to that decision was set out in the report to Council and could be accessed at:

<http://www.charnwood.gov.uk/uploads/148ac3a1b95364360785744.pdf>.

RESOLVED that the purpose of the Sub-committee be noted.

4. EXTERNAL AUDITOR'S ANNUAL REPORT ON GOVERNANCE

The Sub-committee was asked to receive the External Auditor's Annual Report on Governance, a copy of which was submitted (item 5 on the agenda filed with these minutes).

Mr N. Bellamy and Mr A. Benselin of the Audit Commission (the Council's External Auditor) attended the meeting to assist the Sub-committee. Also in attendance were the Council's Director of Governance and Procurement, the Interim Director of Programmes and Resources, the Head of Performance and Audit, the Chief Finance Officer, Head of Financial Services and the Financial Services Manager.

Responses were given to issues raised by the Sub-committee as follows:

- (a) The error in table 5 of the report, which stated an expected £8,725 rather than £85,725 for financial statements in 2007/08 would be amended;
- (b) Regarding errors in the financial statements (paragraph 15 of the report) would not be separately reported to Scrutiny Chairs as the purpose of the meeting was to report such matters;

- (c) It was felt that the Council's policy of five yearly revaluations of fixed assets was appropriate and that 'desktop' valuations would pick up any market fluctuations in the interim periods;
- (d) No 'desktop' valuations had been carried out in the last four years as the three category judgement criteria showed that there was no need to do so. The potential for conducting yearly 'desktop' valuations would be looked at following the next five yearly revaluation. Currently, Impairment Reviews were carried out yearly to consider decreasing values;
- (e) The value of Council land was not included with the value of Council dwellings in table 3 of the report as there was no land which would demand a high development value;
- (f) Risk factors were monitored on a daily basis, although generally portfolios were considered as very low risk.

RESOLVED that the External Auditor's Annual Report on Governance be received.

5. COUNCIL'S LETTER OF REPRESENTATION ON THE 2007/08 ANNUAL ACCOUNTS

The Sub-committee was asked to agree the Council's Letter of Representation on the 2007/08 Annual Accounts, a copy of which was submitted (item 6 on the agenda filed with these minutes).

The Council's Director of Governance and Procurement, the Interim Director of Programmes and Resources, the Head of Performance and Audit, the Chief Finance Officer, Head of Financial Services and the Financial Services Manager attended the meeting to assist the Sub-committee. Mr N. Bellamy and Mr A. Benselin of the Audit Commission (the Council's External Auditor) were also in attendance.

Mr Benselin said that the letter could be considered to follow standard practise, with the exception of the 'Uncorrected misstatements' paragraph. The Council's Chief Finance Officer stated that whilst the Council knew that they would receive Local Authority Business Growth Incentives (LABGI) monies, it was not felt prudent to include them in the financial statements as the final level of that grant was not known at the finalisation of accounts and the grant would have no significant impact on the Council's financial resource standing.

Councillor Tormey proposed that the Sub-committee accept the Council's letter of representation on the 2007/08 annual accounts. The proposal was seconded by Councillor Miah. On being put to vote the motion was rejected by 4 votes to 2.

Upon discussing further with the Sub-committee why LABGI monies were not included in the Annual Governance Report the Council's Chief Finance Officer stated that, based upon past experience, the amount of LABGI monies to be

received and the timescale for receipt was unpredictable. It was not felt prudent to add details as an addendum to the report as the monies were neither received, nor spent during 2007/08;

Councillor Tormey proposed that the Sub-committee accept the Council's letter of representation on the 2007/08 annual accounts. The proposal was seconded by Councillor Miah. On being put to vote the motion was carried by 7 votes to 0.

RESOLVED that the Council's Letter of Representation on the 2007/08 Annual Accounts be agreed.

Note: No reference may be made to these minutes at the Council meeting on 6th October 2008 unless notice to that effect is given to the Head of Democratic Services by five members of the Council no later than five working days following the publication of the minutes.