

**AUDIT AND BUDGET MONITORING SUB-COMMITTEE**  
**MINUTES**

Minutes of a Meeting held in the Council Chamber, The Grange,  
Nutholt Lane, Ely on Wednesday 14 September 2011 at  
4:00pm.

**P R E S E N T**

Councillor Kevin Ellis (Chairman)  
Councillor Derrick Beckett  
Councillor David Brown  
Councillor Richard Hobbs  
Councillor Tom Kerby  
Councillor Gareth Wilson

**OTHER ATTENDEES**

Kay McClennon, Audit Commission  
Trevor Bowd - Principal Auditor  
Linda Grinnell – Head of Finance  
Adrian Scaites-Stokes – Democratic Services Officer

13. **PUBLIC QUESTION TIME**

No public questions were received.

14. **APOLOGIES AND SUBSTITUTIONS**

No apologies were received.

15. **DECLARATIONS OF INTEREST**

No declarations of interest were made.

16. **MINUTES**

It was resolved:

That the minutes of the meeting held 30<sup>th</sup> June 2011 be confirmed as a  
correct record and be signed by the Chairman.

17. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements.

18. **2011/12 AUDIT FEE LETTER**

The Sub-Committee considered the annual audit letter from the Audit Commission outlining its proposed work with regard to audit the Council's financial statements.

Kay McClennon from the Audit Commission advised the Sub-Committee that the fee letter set out the proposals for the fee for 2011/12. It was a decrease on the 2010/11 year fee mainly due to a cut in scale fees. The Audit Commission would also be sending out rebates for both 2010/11 and 2011/12, which would come off the £90,721 fee planned for 2011/12.

2012/13 would be the last year under the current audit regime and fees for this were proposed to be 10% lower than this year. This proposal was currently out to consultation.

The current grant fee was around £30,000 and was charged on a daily rate. A full audit of the housing benefit returns had to be done every year, whereas the National Non-Domestic Rates were given a light touch. However, this will need a full audit in 2011/12 so there would be an increase in the fee charged.

19. **2010/11 STATEMENT OF ACCOUNTS**

The Sub-Committee considered a report, reference L110, previously circulated, which detailed the Council's 2010/11 Statement of Accounts.

A corrected Page 64 from the Statement of Accounts document had been tabled prior to the meeting. The Head of Finance advised the Sub-Committee that Appendix 1 set out the Council's 2010/11 Statement of Accounts. In year monitoring showed around a £139,000 underspend and the final outturn could add to this. This should allow an additional £359,000 to be transferred to Council reserves thereby increasing reserves up to £1.6 million. It was also expected that the Council would get an unqualified opinion of the accounts.

Councillor Gareth Wilson thought this result was better than had been expected. This did prove the point that there had been no need to undertake the drastic cuts agreed by Council. When viewing this year's budget, consideration should therefore be given to those charities helping residents, such as Care And Repair and Dial-A-Ride.

The Head of Finance explained that some of the underspend had come after the budget monitoring reports to the Sub-Committees. Additional underspends would be found when closing the accounts. The underspend was larger than expected was due to a number of reasons, including timing issues.

Councillor Gareth Wilson fully understood that the level of underspend could not have been expected and that a larger amount could be put into reserves. The results of this year's accounts were very satisfying and thanks should be given to the Head of Finance and the Finance team for their work on this. The

Chairman fully agreed and added the thanks on behalf of the whole Sub-Committee.

It was resolved TO RECOMMEND TO STRATEGIC POLICY AND RESOURCES COMMITTEE:

That the 2010/11 Statement of Accounts and the allocations to/from reserves as shown in the accounts, as set out in Appendix 1 and as revised by the amended Page 64, be approved.

## 20. REVIEW OF ANTI-FRAUD AND CORRUPTION STRATEGY

The Sub-Committee considered a report, reference L111, previously circulated, which detailed the revised draft Anti-Fraud and Corruption Strategy.

The Principal Auditor advised the Sub-Committee that the Strategy had been reviewed and had remained fairly unchanged but had reflected the requirements of the Bribery Act 2010. A couple of amendments to it had been raised by the Head of Legal and the Scrutiny Committee.

Those amendments were:

- Page 8, paragraph 4.2.2 – last line to read: “Under the provisions of the Local Government Act 2000 certain cases **may** to be referred to Standards Board for England (formerly Standards Board) **for consideration by the local Standards Committee.**”
- Page 12, under ‘Gifts and Hospitality’ - sentence to read: “...is set out in the **Employee Code of Conduct or the Members Code of Conduct.**”

Training on the new Bribery Act would be given to staff and committee Members.

Councillor Richard Hobbs concurred that it was important for Members to understand the Strategy in practice. Councillor Gareth Wilson thought the Strategy was excellent and the input of Scrutiny showed that it was working.

Councillor David Brown pointed out that on Page 14 reference should also be made to Members responsibilities in addition to the staff. This amendment was agreed.

It was resolved TO RECOMMEND TO FULL COUNCIL:

That the revised Anti-Fraud and Corruption Strategy, with the following amendments:

- Page 8, paragraph 4.2.2 – last line to read: “Under the provisions of the Local Government Act 2000 certain cases **may** to be referred to Standards Board for England (formerly Standards Board) **for consideration by the local Standards Committee.**”

- Page 12, under 'Gifts and Hospitality' - sentence to read: "...is set out in the **Employee Code of Conduct or the Members Code of Conduct.**"
- Page 14 – heading to read "Staff **and Members** responsibilities"

## 21. ANNUAL GOVERNANCE STATEMENT

The Sub-Committee considered a report, reference L112, previously circulated, which set out the Annual Governance Statement for the financial year 2010/11.

The Principal Auditor advised the Sub-Committee that the issues the Sub-Committee had brought up at its meeting in June had been covered on Page 12 of the report and highlighted the actions that would be undertaken.

The Chairman requested that all Members of the Sub-Committee receive copies of the relevant reports going to Strategic Policy and Resources Committee. Any comments from Members should be fed to the Chairman.

It was resolved TO STRATEGIC POLICY AND RESOURCES COMMITTEE:

- (i) That the Annual Governance Statement for the financial year 2010/11, subject to final amendments by the Audit Commission, be approved;
- (ii) That the Chief Executive and Leader of the Council be requested to sign the Annual Governance Statement prior to publication with the Council's Accounts.

## 22. REVIEW OF CORPORATE RISK REGISTER

The Sub-Committee considered a report, reference L113, previously circulated, which reviewed the Corporate Risk Register.

The Head of Finance advised the Sub-Committee that this followed on from the previous item, as the Annual Governance Review included a review of risk management and reported on operational risks. A further report would be brought back to this Sub-Committee after the review to inform about the operational and corporate risks.

Councillor Gareth Wilson considered this a very important subject. Matters of high risk could mean the Council would fail to meet its savings targets. If the Council's Management Team wanted to look at this seriously it would need Member involvement through a joint group. He proposed this be added to the report's recommendation. This was seconded by Councillor Richard Hobbs, who thought it would be better for Members to be involved.

Councillor Derrick Beckett reminded the Sub-Committee that, as part of risk management, the Council had been asked to give the Sub-Committee the authority to look at department budgets. This should highlight if there could be shortfalls in those budgets.

Councillor Kevin Ellis proposed that proposals for this group be brought back to the next Sub-Committee meeting. If it looked likely that budgets were not going to be met then the Sub-Committee could step in.

It was resolved:

- (i) That the Corporate Risk Register as set out at Appendix 1 be agreed;
- (ii) That Members be involved in reviewing the Corporate Risk Register through a Member/officer working group, the details of which to be submitted to the next meeting of this Sub-Committee.

### 23. **BUDGET MONITORING REPORT**

The Sub-Committee considered a report, reference L114, previously circulated, which updated members on the Council's current financial position for 2011/12, covering both projected revenue and capital expenditure.

The Head of Finance advised the Sub-Committee that at present there was a projected overspend of around £43,000 across the Council's budgets. The budget variations of the sub-committees were detailed in the appendices.

Councillor David Brown queried the £1400 higher levies from the Internal Drainage Boards (IDBs) that Members sat on. Members needed to keep an eye on what those IDBs were charging. Councillor Kevin Ellis queried why they were higher than expected.

In response, the Head of Finance explained that the charges had to be estimated due to the timing of information coming from the IDBs. The estimated budgets had been based on a predicted increase on the previous budgets. The Sub-Committee were reminded that these levies had to be paid.

Councillor Gareth Wilson advised the Sub-Committee that the people setting the rates also paid the majority of them and there was usually a good reason for the rates increase. Most IDBs set their rates in September/October time, so this ought to be available for the Council to use in setting budgets. Communication with the IDBs could be better.

Councillor Richard Hobbs reminded the Sub-Committee that a number of Members sat on IDBs and those Members should feed information back to the Council. The IDBs worked very efficiently.

Councillor Kevin Ellis thought it would be useful if the IDBs could pass the message back to notify the Council of any major plans or plans to increase levies.

Councillor Gareth Wilson contended that the Anglian Revenues Partnership (ARP) were not giving charitable rate relief, giving it as discretionary rate relief instead. This meant the Council had to pay. ARP should be contacted to

explain that if an organisation was entitled to charitable rate relief it should be able to claim it.

The Head of Finance advised that there would be an opportunity to consider this matter at the next Strategic Policy and Resources Committee, as there was a report due on Discretionary Rate Relief. The Council were looking to tighten up on the criteria and revise the relevant policy for 2012/13.

Councillor Tom Kerby queried the £15,000 overspend on Information Technology. The Sub-Committee was informed that this was an ongoing expense from central Government.

It was resolved:

That a projected overspend of £43,178 identified across the Council's services against the original budget be noted.

The meeting concluded at 4:47pm.