

**Minutes of a Meeting of the Audit and Standards Committee held at on 19 September 2016**

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+ Cllr Rebecca Jennings-Evans (Chairman)  
- Cllr Conrad Sturt (Vice Chairman)

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| + Cllr Dan Adams      | - Cllr Paul Ilnicki   |
| + Cllr Rodney Bates   | + Cllr Jonathan Lytle |
| + Cllr Edward Hawkins | + Cllr Bruce Mansell  |

+ Present  
- Apologies for absence presented

Substitutes: Cllr Dan Adams for Cllr Paul Ilnicki

In Attendance: Sheena Adrian, Service Accountant  
Neil Hewitson, Director, KPMG  
Satinder Jas, Manager, KPMG  
Kelvin Menon, Executive Head of Finance

**8AS Minutes of Previous Meeting**

**RESOLVED** that the minutes of the Audit and Standards Committee meeting held on 25 July be approved as a correct record and signed by the Chairman.

**9AS Declarations of Interest**

There were no declarations of interest.

**10AS 2015/16 Financial Statements**

The Committee received a report setting out the Council's audited Financial Statements for 2015/16 and the External Auditor's ISA260 Report for 2015/16.

ISA260 Audit Report 2015/16

Neil Hewitson, KPMG, presented the ISA260 External Audit Report 2015/16. The report set out any key issues identified as a result of KPMG's audit of the Council's financial statements for the year ending 31 March 2016 and provided an assessment of the Authority's arrangements to secure value for money.

The Auditors were pleased to report that unqualified opinions had been issued in respect of both the financial statements and value for money arrangements. It had been concluded that the Authority had made proper arrangements in place to ensure that it took properly informed decisions and effectively deployed resources to achieve planned and sustainable outcomes for local residents. The work that had taken place over the last year to embed the new financial systems was noted and officers were congratulated on their work to implement eight of the ten recommendations made as a result of the 2014/15 audit.

The report acknowledged two significant risks to the Council: the valuation placed on land and buildings and borrowing of £17.9million. The Committee was informed that the Council's commercial property portfolio was considered to be a long term investment which was valued according to guidelines set out by the Royal Institute of Chartered Surveyors. Any financial gains would only be realised when the property was sold and as such any short term falls in the commercial property market were not considered to be relevant at the current time. It was agreed that a list of properties within the Council's commercial property portfolio would be circulated to the Committee.

Two recommendations from the 2014/15 audit were not yet complete. The Committee was informed that workshops had been held with staff to analyse the Civica implementation and a formal report on the outcomes of these would be available by the end of the year. Work to formally document all budget monitoring discussions was ongoing and it was expected that standardised recording templates would be finalised by the end of September 2016.

In addition to completing the two outstanding 2014/15 recommendations, the audit report made one further recommendation to ensure that the work to restructure the finance systems continued to be embedded and strengthened.

#### Statement of Accounts 2015/16

The Committee received the audited Statement of Accounts for the 2015/16 financial year in line with statutory requirements the unaudited Statement had been published on the Council's website at the end of June 2016.

Arising from Members' questions and comments the following points were noted:

- It was agreed that an error in the narrative statement relating to the Borough's most deprived wards would be corrected to read St Michaels instead of St Pauls.
- The Council had only used half of the £1.2million received through the New Homes Bonus. The remaining funds had been placed in the Council's reserves and a decision on their use would be taken once the outcome of the Government consultation on reforming the New Homes Bonus was known.
- The Pension Fund had been reviewed at the end of March and the outcomes would be discussed in details with the actuaries in October. The fall in the value of gilt rates had impacted on the Fund's value however it was stressed that this was a situation that was not unique to Surrey Heath Borough Council.

**RESOLVED** that:

- i. The Chairman of the Committee approves the Financial Statements on behalf of the Council.
- ii. The Executive Head of Finance's letter of representation to the Auditors be approved.

**CHAIRMAN**