

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the special meeting held at 7.00 pm on 28 November 2019

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Gareth Allatt, Mary Cooke, Robert Evans,
Kira Gabbert, Josh King, Christopher Marlow,
Russell Mellor, Tony Owen, Neil Reddin FCCA,
Melanie Stevens, Harry Stranger and Michael Turner

Also Present:

Janet Dawson, Ernst and Young

47 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Vanessa Allen.

48 DECLARATIONS OF INTEREST

Councillor Russell Mellor declared an interest as a benefactor from the Bromley Pension Fund.

Councillor Mary Cooke declared an interest in that her step daughter was married to the Financial Director of Cushman and Wakefield UK.

49 QUESTIONS

No questions were received.

50 AUDIT OF FINANCIAL STATEMENTS 2018/19

Members noted the report submitted by the Chief Accountant regarding the audit of the Council's financial statements for 2018/2019. The purpose of the report was twofold:

- To set out the 2018/2019 pension fund accounts for approval by Members
- To provide an update on the audit of the Council's main accounts

The Committee noted that the Council's external auditors had not yet been able to conclude their audit of the Council's main accounts due to issues relating to asset valuations. In all other respects, the audit was substantially complete.

The external auditors had identified errors in the external valuation of the Council's land and buildings, and this would need to be rectified. A full revaluation exercise was being undertaken which was hoped to be completed by December 31st.

The Director of Housing, Planning and Regeneration informed Members that 450 properties needed to be re-valued. It was anticipated that a further 60 properties would be revalued by December 31st. This would then mean that in the region of 90% to 95% of the total asset value would have been revalued. Two Registered Valuers had been brought in to help with the remaining valuations and a third could be used if required.

A Member suggested that work should begin now on sourcing the third Registered Valuer as this may take time. The Director of Housing, Planning and Regeneration confirmed that work on sourcing the third Registered Valuer was already underway.

The Chairman expressed her thanks to the Director of Housing, Planning and Regeneration, the Chief Accountant, the Director of Finance and the Assistant Director for Strategic Property for the considerable extra hard work that had been required to rectify the situation.

Members were reminded that there had been objections to the Council's accounts for the periods 2016/2017, 2017/2018 and 2018/2019. The objections had been received from the same elector and because of the objections it was still not possible to formally conclude the audits and issue an audit certificate.

A Member asked the Director of Corporate Services for an update regarding the objections to the accounts. The Director responded that most of the questions raised through the external auditors had now been answered.

The Director of Finance pointed out that Ernst and Young could not progress matters, as KPMG needed to finish their work regarding the previous years' objections first. KPMG had requested a meeting with the Chief Accountant and the Director of Environment and Public Protection during which it was hoped matters could be finalised.

A Member asked about internal checks on the original valuations and asked what would be done in the future to make sure there was no repetition. The Director of Housing, Planning and Regeneration assured that this was being reviewed, and that the appropriate controls would be in place going forward.

A Member raised the issue of no internal checks being undertaken on the original Cushman and Wakefield valuations and asked what would be done in the future to make sure this was not repeated. The Director of Housing, Planning and Regeneration assured that this was being reviewed, and that the appropriate controls would be in place going forward.

A Member asked if the recommendations relating to the Pension Fund Accounts could go to the Pensions and Investment Sub-Committee for their information and comment, and this was agreed.

Members were briefed that the audit of the pension fund accounts was substantially complete and were therefore requested to approve the pension fund accounts for 2018/2019. They were pleased to note that for the period 2018/2019, the net assets of the fund had increased by £72m.

Janet Dawson (Ernst and Young) attended to answer any questions that the Committee wanted to raise with the External Auditors.

She advised that the covering report provided a good overview of the work that the auditors had done and their audit results report provided further detail. Their work included an assessment of the control environment and whilst no significant deficiencies relating to internal control had been identified, there were some recommendations where internal control should be improved. She also confirmed that there were no unadjusted audit differences in the accounts.

She advised that the external auditor had to be satisfied that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; Ernst and Young were satisfied that this was the case. Ms Dawson asked for Ernst and Young's conclusion on their independence and objectivity to be noted, along with their comments relating to materiality, assessment of risk and asset valuations.

A Member asked if keeping the main accounts and pension fund accounts separate involved just adding a field identifying each entity or something more complex. Ms Dawson responded that it was her understanding that the Council's current financial system was unable to do this.

(Post Meeting Note—A Member has requested that the Director of Finance investigate the estimated cost of the system upgrade).

A Member was pleased to note the high returns that the Council had obtained from investment income.

The Committee noted the report and accepted the report's recommendations.

RESOLVED that

(1) The Committee approves the Council's pension fund accounts for 2018/2019.

(2) In accordance with the requirements of the Accounts and Audit Regulations 2015, the Committee authorises the Chairman to sign and

date the pension fund statements as a formal record of the Committee's approval.

(3) The Committee notes that the audit of the Council's main accounts has not yet been concluded.

(4) The Committee considers the external auditor's reports on the Council's main accounts and pension fund accounts.

(5) The Committee notes the auditor's conclusions on Value for Money (VFM).

(6) The Committee confirms agreement with the auditor's conclusion on their independence and objectivity.

(7) The Committee notes the objections to the accounts as set out in paras 3.21 to 3.23.

(8) The Committee authorises the Chairman of the Committee to sign the letter of representation for the 2018/2019 pension fund audit on behalf of the Council.

(9) The Committee approves the Annual Governance Statement which accompanies the statutory statement of accounts.

The Meeting ended at 7.24 pm

Chairman