

GENERAL PURPOSES COMMITTEE

27 JUNE 2013

(19.15 - 20.49)

PRESENT

Councillors Peter McCabe (in the Chair), Laxmi Attawar, John Dehaney, Gilli Lewis-Lavender, Ian Munn BSc, MRTPI(Rtd), Debbie Shears, Linda Taylor OBE and David Williams, Stan Anderson and Ray Tindle.

Caroline Holland (Director of Corporate Services), Margaret Culleton (Head of Audit), Paul Dale (Interim Assistant Director of Resources), Brian Thompson (Head of Accountancy), Stephen Bowsher (Chief Accountant), Miriam Adams (Interim Treasury & Insurance Manager) and Colin Millar (Democracy Services)

Ernst Young (External Auditors)
David Wilkinson, Paul King and Michael Yeats

1 DECLARATIONS OF INTEREST (Agenda Item 1)

None

2 APOLOGIES FOR ABSENCE (Agenda Item 2)

Councillors Janice Howard and Agatha Akyigyina

3 MINUTES OF THE MEETING HELD ON 13 MARCH 2013 (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 13 March 2013 are agreed as a correct record.

4 REPORT OF THE EXTERNAL AUDITOR: FEE LETTER 2013/14 FOR MERTON COUNCIL (Agenda Item 4)

David Wilkinson explained that the certification fee for 2011/12 was subject to ongoing discussions arising from the handover of responsibility from the audit commission to Ernst Young.

The fee letter was noted.

5 REPORT OF THE EXTERNAL AUDITOR: FEE LETTER 2013/14 FOR MERTON PENSION FUND (Agenda Item 5)

The fee letter was noted.

6 REPORT OF THE EXTERNAL AUDITOR: AUDIT PROGRESS REPORT (Agenda Item 6)

Members discussed the progress report with the external auditors and officers.

- In respect of the limited assurance from internal audit on cash in bank the external auditors explained that the internal and external audit looked at different elements – the role of external audit was to give an opinion on the correctness of the accounting. Caroline Holland said that the reconciliations may result in write offs or write backs.
- There were major differences between PCTs and Local Authorities in respect of accounting practices and imperatives. In particular there was much clearer accountability within local authorities. The basis of audit was assessing risk which was low for LB Merton.

The progress report was noted.

7 REVENUE OUTTURN 2012/13 AND FINAL ACCOUNTS (Agenda Item 7)

Members discussed the accounts with officers.

- The interim valuation for the pension fund showed it was 85% funded with a 12 year recovery period.
- There was a premium involved in early redemption of loans which made this avenue uneconomic. Merton had not borrowed since 2006/07 and it was currently anticipated that it would not need to borrow until 2015/16.
- Caroline Holland explained the breakdown of the reserves and the purposes of specific reserve funds.
- Some savings had been taken from underspends and contingencies reduced on the basis of forecast underspends.
- There had been some delays in using some school expansion and housing related capital expenditure resulting in capital underspends but these programmes were still ongoing.
- There had been improvements in securing income in respect of adult social care and this had contributed to the revenue underspend.

RESOLVED: That the General Purposes Committee notes the draft statement of accounts for the Council for the year ended 31 March 2013 before they are authorised (subject to any final minor drafting, numerical and amendments) by the Section 151 officer at a date up to the latest of 30 June 2013.

(a) REVENUE OUTTURN 2012/13 AND FINAL ACCOUNTS APPENDIX 7 (Agenda Item 7a)

8 ANNUAL GOVERNANCE STATEMENT 2012/13, ANNUAL INTERNAL AUDIT REPORT (Agenda Item 8)

Margaret Culleton introduced the report. Paragraph 2.14 second sentence should read “70% of internal audit reviews provided satisfactory or above levels of assurance. This is slightly higher than last year (64%).

Members discussed the report with officers:

- On transparency structure charts and property details needed to be published.

- Work on procurement was still being carried out to improve in this area, the contract register was in place but more was being done in respect of contract monitoring and adherence to Contract Standing Orders;
- Members were concerned at outstanding actions and that realistic timescales were being set and met, Caroline Holland said that outstanding items were not overdue;
- The committee would be updated on progress against identified actions;
- Members asked for a report at a future meeting on procurement;
- The situation in respect of the disabled facilities grants had been resolved;
- The cash collection contract was in the process of tendering – this had taken some time to gather information on the requirements of various establishments – members asked that they be informed of any difficulties in obtaining the required co-operation of establishments which were holding up progress;
- Paul Dale said that in respect of reconciliations these were now being carried out monthly;
- In respect of the staff irregularities in paragraph 7.2 these were not criminal cases;

RESOLVED: (1) That the General Purposes Committee agrees the Annual Governance Statement 2012/13; and
 (2) Notes the Internal Audit annual report 2012/13

9 WORK PROGRAMME (Agenda Item 9)

Additional items

26 September

- External Auditors: ISA 260 results report

5 November 2013

- Procurement
- Progress on AGS agreed actions.