

**Response to recommendation to Audit Committee reference – 8
January 2013**

The Committee considered the reference from the Corporate Services Overview and Scrutiny Committee seeking clarification of the reasons for its referral relating to the revaluation of investment properties and the desired outcome. It was noted that in referring the matter back, the Corporate Services Overview and Scrutiny Committee had asked that further consideration be given as to whether it was in fact properly the responsibility of the Audit Committee.

To assist Members in their consideration of this matter, the Officers explained that:-

- Valuations obtained for accounting purposes were not necessarily the same as those obtained for asset management/disposal purposes as different rules applied.
- Accounting standards required the annual revaluation of investment properties. It was accepted that the arrangements for obtaining these valuations had not gone to plan last year. The External Valuers had identified a number of limitations to the scope and reliability of their valuations, particularly in respect of the timescale for their work, the assumptions made and the extent to which their valuations could be relied upon. In particular, they had made clear that their valuations were based on the information provided by the Council without any independent inspections.
- Upon receipt of a revised Letter of Representation signed by the Director of Regeneration and Communities confirming, inter alia, that the information provided to the External Valuers in order to undertake their valuations was accurate and complete, the External Auditors had issued an unqualified opinion on the 2011/12 Statement of Accounts.
- It was a recommendation of the Action Plan contained within the Annual Governance Report that a review be undertaken of the arrangements in place for ensuring that valuations carried out by the Council's Valuers are reliable, complete and provided within an acceptable timescale. This recommendation had been accepted as a high priority, and the outcome of the review would be reported to the Audit Committee as the Committee responsible for the adequacy and robustness of the accounts, and followed up as part of the post statements audit of the 2012/13 accounts.
- Any review of the arrangements in place for obtaining valuations for asset management/disposal purposes would more appropriately be a matter for the Corporate Services Overview and Scrutiny Committee.

Members accepted the position regarding the respective responsibilities of the Audit and Corporate Services Overview and Scrutiny Committees in

Appendix A

relation to this matter, and asked that an update on the review of the arrangements in place for obtaining valuations for accounting purposes be reported to the next meeting of the Committee to provide an assurance that lessons have been learned and action is being taken to avoid the problems which were experienced in relation to the preparation/closing of the 2011/12 Statement of Accounts occurring in future years. The Officers confirmed that the report would cover the appointment of the External Valuers and the scope of the contract. Discussions would take place at an early date with the External Auditors to ensure that they were satisfied with the arrangements.

RESOLVED: That an update on the review of the arrangements in place for obtaining valuations for accounting purposes be reported to the next meeting of the Committee to provide an assurance that lessons have been learned and action is being taken to avoid the problems which were experienced in relation to the preparation/closing of the 2011/12 Statement of Accounts occurring in future years.