

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 29th June 2010

**PRESENT: Councillor Morris (Chair)
Councillors Aldred, Christie, Driver, Evans, Neal and Robertson
Councillor Essex (as Portfolio Holder for Finance and Resources)**

**IN ATTENDANCE: Phil Seddon, Head of Financial Services
Janice Crawford, Finance Manager
Andrew Fox, Principal Auditor, Lancashire Audit Service
Zaheer Abbas, Senior Auditor, Lancashire Audit Service
Tony Hough, Audit Commission
Jenni Cook, Committee Officer**

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Mr Clive Portman, District Auditor.

2. MINUTES OF THE MEETING HELD ON 15TH MARCH 2010

Resolved:

That the Minutes of the meeting held on 15th March 2010 be signed by the Chair as a correct record.

3. DECLARATION OF INTEREST

Councillors Aldred, Morris and Robertson declared a personal interest on the report on the Annual Governance Statement and the Statement of Accounts 2009-10 by virtue that they were on the Board of the Leisure Trust.

Councillor Essex declared a personal interest on the report on the Annual Governance Statement and the Statement of Accounts 2009-10 by virtue that he was the Vice Chair of Rossendale Transport.

The Chair would seek legal advice on the declaration of interests with respect to Council appointments and feed this advice back to the next meeting.

4. URGENT ITEMS OF BUSINESS

There were no urgent items of business

5. PUBLIC QUESTION TIME

There were no members of the public present.

6. CHAIRS UPDATE

The Chair confirmed that interviews had taken place for the position of Independent Member of the Audit and Accounts Committee. Three excellent applications had been received and all three applicants had been interviewed by Members and Officers. Following interviews, Mr Mumtaz Ali had been selected as the Co-opted Member of the Audit and Accounts Committee. Mr Ali's appointment would be confirmed at Council on 1st July 2010.

The Chair noted that an Audit and Accounts training session had been held in May. The session had been well attended and useful. Thanks were given to the Finance Manager for running the session. Further sessions would be considered.

7. ANNUAL INTERNAL AUDIT REPORT FOR 2009/10

The Principal Auditor, Lancashire Audit Service presented the annual internal audit report which shows results of internal audit work undertaken during the period 1st April 2009 to 31st March 2010. He reported that the overall opinion confirmed that the Council's internal control environment taken as a whole was adequate and generally effective, which enabled the audit service to provide an overall 'substantial assurance' over the internal control environment.

The Principal Auditor noted that whilst there were control issues which needed to be addressed, work undertaken during the year had identified good areas of controls and no significant issues had been identified which would impact on the Authority's Annual Governance Statement. Good progress had also been made in implementing recommendations raised as part of the internal audit work in 2008/09, although action was still required in some areas.

Discussion took place on the item and the following issues were raised:-

- Need for flexibility with regard to instalment payments.
- Importance of collecting debts and it was noted that only 0.01% of sundry debts from 2009/10 remained outstanding to date.
- Increased proactive corporate fraud work.
- Improvements required with regard to risk management of partnerships.

Resolved:

That the Internal Audit Annual Report for the period 1st April 2009 to 31st March 2010 be noted.

8. NATIONAL FRAUD INITIATIVE

The Principal Auditor outlined the report which provided a summary of the 2008/09 National Fraud Initiative (NFI) mandatory exercise which had been completed in January 2010. The initiative addresses fraudulent and erroneous payments in the areas of housing benefit, payroll, creditors, market trader licenses and taxi licences. During 2008 the exercise was extended to include insurance claims, personal licences to supply alcohol and concessionary travel passes. The report also provided an

overview of the forthcoming exercise to be undertaken by the Internal Audit service in this area during 2010/11.

The Principal Auditor highlighted several key issues, in particular the actions taken to identify savings of £18496.52 which was attributed to 10 cases of 'fraud' associated with council tax single person discounts. It was noted that the Council had an excellent record of pursuing benefit fraud.

Discussion took place on the item and the following issues were raised:-

- Importance of the Internal Audit process during a recession.
- Increase in workload with regard to housing benefit changes.
- Increase in benefit-take up due to the current economic climate.

Resolved:

That the report be noted.

9. ANNUAL GOVERNANCE STATEMENT 31ST MARCH 2010 AND THE STATEMENT OF ACCOUNTS 2009-10

The Finance Manager presented the draft Annual Governance Statement 31st March 2010 and outlined the Statement of Accounts 2009-10. It was noted that the Council has a statutory duty to approve the Accounts by 30th June 2010 and to subsequently to present them for public inspection and to the External Auditor for Audit.

The report also included the Council's Annual Governance Statement which outlines Council's roles and responsibilities with regard to governance. Rossendale Borough Council has approved and adopted a code of corporate governance which was consistent with the principles of the CIPFA/SOLACE Good Framework: Delivering Good Governance in Local Governance. The Governance Statement had taken on board the recommendations of the Internal Audit Service that improvements were required with regard to the risk management and governance of partnerships.

No amendments were tabled to the Draft Statement of Accounts which had been submitted with the Agendas.

Discussion took place on the report and the following issues were raised:-

- Grants and contributions from central government.
- Clarification of £22,000 credit to the balance sheet from grants allocations.
- Concerns regarding the apparent pension deficit.
- Revaluation of assets, in particular the Business Centre and the need to keep this asset in a good state of repair.
- Formation of a Community Fund which would encompass the Trust Fund monies.
- Changes to the Collection Fund.

Resolved:

1. That the Annual Governance Statement 31st March 2010 be accepted.

2. That the draft Statement of Accounts 2009/10, as presented, be submitted for Audit by the District Auditor.
3. That the Statement of Accounts 2009/10, including the Annual Governance Statement Year Ended 31st March 2010 be put on deposit for public inspection on Friday 6th August until Friday 3rd September 2010 to allow for the regulatory 20 working days before the date appointed for the Public to question the Auditor (6th September 2010) or to make objections to the Accounts.

10. TREASURY MANAGEMENT PRACTICES

The Head of Finance and Property Services outlined the report which sought Member approval of the Council’s Treasury Management Practices. The Practices governed the way in which the Council manages its investments and it was noted that this was required to be reviewed on an annual basis to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code.

Discussion took place on the item and the following issues were raised:-

- Savings obtained on the Council’s insurance costs.
- Investment by the Council in high street banks only.
- The Council did not invest in overseas banks.

Resolved:

That Members approve the Treasury Management Practices and recommend to Cabinet and Council (if applicable) for wider Member approval.

11. ANNUAL AUDIT AND INSPECTION FEE 2010/11

The District Auditor’s Letter was discussed which outlined the works which the Audit Commission proposed to undertake during 2010/11. It was noted that the Letter had been sent prior to the General Election and some changes would occur. These would be reported to the Council after the results of a consultation, to be carried out over the summer, were known. The Letter also outlined the total indicative fee for the audit for 2010/11, being £105,545. It was noted that the Council had received a refund of £6,024 in April 2010 to subsidise the ‘one-off’ element of the cost of transition to International Financial Reporting Standards.

Resolved:

That the Letter be noted.

The meeting commenced at 6.30pm and closed at 8.05pm

Signed
(Chair)

Date