

Minutes of: Accounts Committee

Date of Meeting: 28th June 2007

**PRESENT: Councillor Challinor
 Councillors Aldred, A Barnes and Essex**

**IN ATTENDANCE: George Graham Executive Director of Resource
 Phil Seddon Head of Financial Services
 Janice Crawford Finance Manager**

APOLOGIES: Councillor Ruddick

BUSINESS MATTERS

1. Urgent Items

1.1 There were no urgent items to be considered.

2. Declarations of interest

2.1 No declaration of interest were made.

3. Public Question Time

3.1 There were no members of the public present.

ITEMS FOR CONSIDERATION

4. 2006/07 Statement on Internal Control

4.1 The Head of Financial Services introduced his report setting out the proposed statement an Internal Control for incorporation within the 2006/07 Statement of Accounts. In particular he drew attention to:

- The consideration of the draft statement by the Audit Scrutiny Committee alongside the annual report of Head of Internal Audit.
- The significant progress identified by internal Audit over a number of years.

4.2 The Head of Financial Service sought the Committee agreement to additions to the statement to:

- a) Incorporate the conclusion of the recent Comprehensive Performance

Assessment, when available.

- b) Incorporate the positive conclusion of the recently published triennial review of internal audit by the Audit Commission.
- c) Incorporate changes to the actions table to fully align it with the Council's recently approved Corporate Plan.

4.3 Councillor Barnes sought clarification as to the respective roles of the Accounts Committee and Audit Scrutiny Committee with regard to the statement on Internal Control and about the evidence base used to support the statement. The Head of Financial Services explained that the Internal Control environment covered a much wider range of issues than those solely related to audit and that the evidence base comprised both internal and external assessment evidence.

4.4 Cllr Essex enquired whether a specific assessment of the risk of penetration of the ICT network had been undertaken. The Executive Director of Resources explained that the risk had been highlighted in external audit work previously reported to the Audit Scrutiny Committee and that all the necessary actions including penetration testing by internal audit were now in place.

Resolved:

To approve inclusion in the statement of Internal Control for 2006/07 with the additions sought by the Head of Financial Services.

5. Statement of Accounts 2006/07.

5.1 In introducing the statement of Accounts the Head of Financial Services drew attention to the continued strengthening of the Council's financial position amounting to an improvement of some £3m in the cash position since 2003. He also updated members on a number of technical changes needed to the statements following internal quality assurance and review, specifically.

- The accounting treatment for useable capital receipts.
 - Changes to the analysis of the write down of deferred charges and government grants deferred.
 - A change in the classification of the Communities for Health Grant from capital to revenue.
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- Changes to the Group Accounts reflecting updated information on

Rossendale Transport Limited and its subsidiary.

- 5.2 In receiving the report the committee expressed its appreciation of the work of Janice Crawford and the Accountancy Team in producing a publication that while technical was engaging and presented the Council well.
- 5.3 Councillor Essex queried the way in which the disclosure relating to members allowance was presented in an inconsistent way and officers agreed to amend this for final publication.
- 5.4 Officers also agreed to clarify the description in the introductory section of the committee structure.
- 5.5 Councillors Barnes enquired as to the scale of the potential liability disclosed in relation to single status. The Head of Financial Services explained that the final liability would be the result of negotiation with the Trades Unions and that the Councils had adopted a robust negotiating stance.
- 5.6 Councillor Essex enquired as to the scale and nature of the deficit disclosed within the pension scheme and the degree of choice available to the Council in this regard. The Executive Director of Resources and Finance Manager explained that the Council had no choice as to pension fund and that while the cost of pensions continued to pose financial risks the differential assumptions used between the accounts and the calculation of the contribution rate gave a distorted view of the effect on the Council's underlying financial position.

Resolved

- a) That the draft statement of accounts together with the amendments presented be approved for submission to the District Auditors.
- b) That the statement of accounts be placed on deposit for public inspection between 23 July 2007 and 20th August 2007.

The meeting commenced at 6:30pm and finished at 7:35pm.