

**MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE**

**Date of Meeting: 25<sup>th</sup> June 2013**

**PRESENT: Councillor Aldred (Chair)  
Councillors Evans, Knowles, Morris, Oakes and Procter  
Mr M Ali (Co-opted Member)**

**IN ATTENDANCE: Mr P Seddon, Head of Finance and Property Services  
Mrs J Crawford, Finance Manager  
Ms K Murray, Director, Grant Thornton  
Mr Simon Hardman, Manager, Grant Thornton  
Mr Zaheer Abbas, Senior Auditor, Lancashire County  
Council  
Mr Ian Rushworth, Principal Auditor, Lancashire County  
Council**

**ALSO PRESENT: Councillor Cheetham  
Councillor Marriott  
2 members of the public**

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## **1. CHAIR'S INTRODUCTION**

1.1 The Chair asked all members of the committee and officers to introduce themselves. The Chair welcomed Simon Hardman, the new Audit Relationship Manager from Grant Thornton.

## **2. APOLOGIES FOR ABSENCE**

2.1 Apologies had been received from Councillor Pilling.

## **3. MINUTES OF THE MEETING HELD ON 13<sup>TH</sup> MARCH 2013**

### **Resolved:**

The minutes of the meeting held on 13<sup>th</sup> March 2013 were agreed as a correct record.

## **4. URGENT ITEMS OF BUSINESS**

4.1 The Chair confirmed that there were no urgent items of business.

## **5. DECLARATIONS OF INTEREST**

5.1 No declarations of interest were made.

## **6. PUBLIC QUESTION TIME**

- 6.1 The Chair agreed to deviate from the procedure for public speaking and allow members of public present to ask questions as items on the agenda were presented. Members of the public were permitted to ask questions on items not on the agenda at this point in the meeting.

## **7. CHAIR'S UPDATE**

- 7.1 The Chair had no update for the committee.

## **8. TERMS OF REFERENCE - AUDIT AND ACCOUNTS**

- 8.1 The Terms of Reference of the Audit and Accounts Committee were circulated and it was noted that these were included within the Council's Constitution.

### **Resolved:**

That the Terms of Reference be noted.

## **9. ANNUAL INTERNAL AUDIT REPORT 2012/13**

- 9.1 Annual Internal Audit Report 2012/13 was introduced by the Audit Manager, confirming overall substantial assurance from the audits completed in 2012/13 to date. Members questioned the context behind the findings of the property and asset management review and discussed the actions planned by management to tackle the issues raised.

Members also questioned the details of the accounts payable review. The Head of Finance explained the other checks and balances being used to maintain control within reducing resources.

### **Resolved:**

That the Annual Internal Audit Report be noted.

## **10. INTERNAL AUDIT PLAN FOR 2013/14**

- 10.1 Internal Audit Plan 2013/14 was introduced by the Audit Manager, confirming the aim to use the same number of days overall in 2013/14 as in the previous year, though this was a reduction from the 260 days back in 2011/12. The audit plan was now tied more closely to the corporate risk register so that risks classed as amber or red were subjected to an audit review in 2013/14, with the exception of risks Res4 of which the impact has been downgraded by management and Op1 which has been reviewed recently.

Members applauded the closer link to the corporate risk register and noted that

the 5 days planned for Res4 had been transferred to the contingency provision so that the figure at paragraph 9.3 should now read 30 days for investigatory work and contingencies.

The auditable risks were questioned around Plan2 and it was informed that the audit would focus on whether controls were in place to ensure that projects attracting grant income were managed in accordance with the grant requirements to avoid any risk of grant claw-back in the future.

**Resolved:**

That the reports be noted.

**11. THE AUDIT PLAN 2012/13**

- 11.1 External Audit Plan 2012/13 was introduced by the External Auditor, it was confirmed that a similar risk analysis on pages 4 and 5 of the attached report informed the areas that the auditors would concentrate on during their investigations. There were no new risks or issues compared to previous years and the External Auditor was happy with progress to date in the initial testing phase. Work to confirm the draft accounts, as presented to this committee, would now begin.

Members questioned the classification of 'cash and cash equivalents' as low risk on page 9 and the District Auditor said she would review that classification. Public questions were raised around the assets owned by the Council and a full list would be supplied to the member of the public in line with the public inspection rights.

**Resolved:**

That Members noted the External Audit Plan 2012/13

**12. THE AUDIT FEE LETTER 2013/14**

- 12.1 External Audit Fees letter for 2013/14 was introduced by the External Auditor, who confirmed that the price was being held for the first 5 years of the contract in line with the arrangements entered into by the Audit Commission.

**Resolved:**

That the Audit Fees Letter be noted.

**13. DRAFT ANNUAL GOVERNANCE REPORT AS AT 31<sup>st</sup> MARCH 2013**

- 13.1 Draft Annual Governance Report as at 31st March 2013 was introduced by the Head of Finance, drawing members attention to the last section of the report, on page 15 of the Draft Statement of Accounts, which reiterated the MTFS forecast

deficit of £1.5m.

**Resolved:**

That Members approved the Draft Annual Governance Report as at 31st March 2013.

**14. DRAFT STATEMENT OF ACCOUNTS 2012/13**

- 14.1 Draft Statement of Accounts 2012/13 was introduced by the Finance Manager. Explanations were given for any variations from the forecast position reported to the Cabinet earlier this month which came from the end of March financial monitoring report.

Members questioned the current rate of employer pension contributions and the Head of Finance explained the levels for current employees were being topped up in order to reduce the deficit on the pension fund over the next 19 years. It was also noted that 2013/14 was the final year of the current triennial review period. The actuaries would be required to report again in 2013 which would come into effect in April 2014. If that report recommended an increase in contribution rates, then the Council was likely to be able to cover those costs within the current 2014/15 budgets.

Public questions were raised around the rights of the public to inspect the accounts and the Finance Manager confirmed that the advert would be placed in the local papers on the coming weekend.

**Resolved:**

That the Draft Statement of Accounts 2012/13 were noted.

**15. RBC RESPONSE TO AUDITOR'S LETTER**

- 15.1 Rossendale Borough Council responded to the letter from the external auditor – this letter was circulated at the last committee and a draft response had now been formulated. However, it was noted that the reference to the Standards Committee was no longer valid and paragraph 10 needed to refer to Grant Thornton rather than the Audit Commission. The Head of Finance would make the required changes.

**Resolved:**

Members approved the draft response to the letter from the external auditor, with the amendments noted above.

**16. EXCLUSION OF PUBLIC AND PRESS**

**Resolved:**

Members agreed the exclusion of Public and Press be excluded from the meeting during consideration of the following item of business as it involved the likely disclosure of exempt information under Paragraphs 1 and 2 of Schedule 12A of the Act.

**17. STANDARDS COMPLAINTS UPDATE**

- 17.1 The Chair gave an update on current issues and the investigations now under way, reminding members of the confidential nature of such issues. Members noted the current progress and awaited an update at the next meeting.

**Resolved:**

That the update was noted.

**The meeting commenced at 6.30pm and finished at 8.25pm**

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**Signed (Chair)**

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**Date**