

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 24th September 2013

**PRESENT: Councillor Aldred (Chair)
Councillors Knowles, Morris, Oakes, Procter and Sandiford
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 Ian Rushworth, Principal Auditor, Lancashire County
Council**

ALSO PRESENT: 2 members of the public

1. APOLOGIES FOR ABSENCE

1.1 Apologies had been received from Councillor Pilling and Councillor Evans (Councillor Sandiford Substituting).

1.2

2. MINUTES OF THE MEETING HELD ON 25TH JUNE 2013

Resolved:

The minutes of the meeting held on 25th June 2013 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

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

4. DECLARATIONS OF INTEREST

4.1 The Chair & Councillor Morris declared an interest in items on the agenda which made reference to the Rossendale Leisure Trust, as he was a Board member of the Leisure Trust.

5. PUBLIC QUESTION TIME

5.1 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. No questions were asked at this point in the meeting.

6. CHAIR'S UPDATE

6.1 The Chair had no update for the committee.

7. INTERNAL AUDIT PROGRESS REPORT

7.1 The Principal Auditor outlined the report which provided a progress update for the period to 31st August 2013. It was noted that no significant weaknesses had been found and that 25 days have been spent in delivering the 2013/14 audit plan so far this year, equating to 11% of the total planned audit activity.

7.2 It was noted that the Homes and Communities Agency (HCA) had requested that the council arranges for a compliance audit to be carried out this year and it was anticipated that some of the contingency days would be used to perform this.

7.3 Members were invited to comment on the report and comments were made as follows:-

- Discussion took place on the planned audit of the planning application process and the Principal Auditor agreed to discuss retrospective issues with the Planning Manager.

Resolved:

That the internal audit progress report for the period to 31st August 2013 is noted.

8. INTERNAL AUDIT RECOMMENDATION LOG

8.1 The Principal Auditor outlined the internal audit recommendation log which provided an overview of the outstanding audit recommendations to 31st August 2013. The report provided information on outstanding recommendations from 2011/12 and also those from 2012/13 which would be followed up in 2013/14.

8.2 The Principal Audit noted that none of the outstanding recommendations from 2011/12 were of a high level. It was also noted that the issue of public health was still to be determined and a Health Summit was scheduled to take place with Lancashire County Council to determine local responsibilities and budgets.

8.3 Members were invited to comment on the report and comments were made as follows:-

- Clarification was provided regarding the age of the recommendations specific examples were discussed.
- The Finance Manager noted that the outstanding recommendations would be examined and discussed. It was noted that it may be that these recommendations were addressed via other controls, as the systems and processes had moved on from 2011/12.
- It was noted that the public health recommendations would be able to be addressed after the planned Public Health Summit.

Resolved:

That the internal audit recommendation log for the period to 31st August 2013 is noted.

9. AUDIT FINDINGS REPORT

9.1 Grant Thornton outlined the Audit Findings Report for the 2012/13 financial year and noted the following:-

- An unqualified opinion was expected to be issued once administrative procedures had been completed.
- An unqualified value for money statement would be issued.
- The report had not identified any major control weaknesses to be highlighted for attention.

9.2 Grant Thornton extended their thanks to the Finance Team for their assistance during the audit. It was noted that some issues had been identified which were being rectified:-

- An increase in expenditure of £54k due to the incorrect coding of housing benefit payments to 2013/14.
- Revaluation of land and buildings that had not been revalued in the last 5 years.
- A number of adjustments had been made to improve the disclosures within the financial statements.

9.3 Grant Thornton noted that the letter of representation would be signed off shortly and that they were satisfied that the council has arrangements in place to meet its significant challenges.

9.4 Members were invited to comment on the report and comments were made as follows:-

- Discussion took place on the Leisure Trust borrowing which had been transferred to long-term. The auditor clarified the difference between short-term loan and long-term loan.
- It was noted that the Leisure Trust borrowing was cashflow support to the Trust.

Resolved:

That the Audit Findings report for the 2012/13 financial year is noted.

10. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS 2012/13

10.1 The Finance Manager gave an overview of the Statement of Accounts for 2012/13 and sought member approval of the Statement of Accounts and the Annual Governance Statement.

- 10.2 It was noted that the issues highlighted by Grant Thornton in the Audit Findings Report have been addressed.
- 10.3 The letter of representation was referred to and it was noted that officers had included within the letter at several points the text 'for the avoidance of doubt there have been no such instances'.
- 10.4 Members were invited to comment on the report and the following comments were made:-
- Clarification was given with regards to the KKP report and the Leisure Trust debt.
 - It was noted that the Leisure Trust debt was considered a 'soft loan' and that interest of £4k per annum had been waived.
- 10.5 A member of the public enquired with regard to an update on Information Governance and the Principal Auditor confirmed that this would be at the next committee as part of the audit reporting process referred to in item 8 above.

Resolved:

That the contents of the report are noted and:-

- That the Annual Governance Report at Appendix 1 (pages 11-15) of the committee report is approved.
- That the audited Statement of Accounts 2012/13 at Appendix 1 of the committee report is approved.
- The Letter of representation was signed by the Chair of the Audit and Accounts Committee and the Head of Finance.

11. FINANCIAL RESILIENCE

- 11.1 Grant Thornton outlined the Financial Resilience report which summarises a review of the Council's arrangements to ensure financial resilience. It was noted that overall, the Council was well placed to meet the financial challenges going forward.
- 11.2 The key indicators of the report were outlined and it was noted that Rossendale compared well to other local authorities. Levels of borrowing were relatively low, reserves were at a suitable level and there was enough liquidity in the Council's assets, with the only issue noted being a rise in workforce sickness from 2011/12 to 2012/13.
- 11.3 Grant Thornton noted that they were impressed with the communication around the Medium Term Financial Strategy to members and officers and that the budget was regularly updated. The savings gap was continuing to be addressed, with good levels of consultation to citizens. Two recommendations had been

made with regards to the action plan and these would be addressed.

11.4 Members were invited to comment on the report and the following comments were made:-

- Discussion took place on consultation with citizens.
- It was noted by the Head of Finance that the report stated that the council's approach to addressing its deficit was reasonable.
- Best practice comparisons with other local authorities was enquired about, however Grant Thornton stated that this was not within their remit.
- Members suggested wider consultation exercises might be linked to the annual issue of council tax bills or the electoral role canvass. However, it was noted that there are legal restrictions regarding what type of information can be sent out with these documents.

Resolved:

That the Financial Resilience Report for the 2012/13 financial year is noted.

12. GRANT CERTIFICATION WORK PLAN

12.1 Grant Thornton outlined the report which set out their certification programme and fee for 2012/13. It was noted that there were two claims expected for the year ended 31st March 2013, being housing and council tax benefits scheme and national non-domestic rate returns.

12.2 It was noted that work was on-going with housing and council tax benefits and the NNDR was expected to be signed off within the next few days.

12.3 Members were invited to comment on the report; no comments were made.

Resolved:

That the Grant Certification Work Plan for the 2012/13 financial year is noted.

13. AUDIT AND ACCOUNTS COMMITTEE UPDATE – EXTERNAL AUDIT PROGRESS REPORT

13.1 Grant Thornton outlined the report which set out their progress against the 2012/13 audit plan. The report also included a summary of recent developments of interest to the Council.

13.2 It was noted that the 2012/13 accounts audit was expected to be completed within the next few days. Work with regard to grants claims was on-going with housing benefit to be completed by national deadline of the end of November.

13.3 In respect of emerging issues, consultation was currently taking place on 2014/15 Code of Practice on Local Authority Accounting.

13.4 Members were invited to comment on the report and the following comments were made:-

- It was noted that no deadlines had been missed and that the deadlines were set by the central government departments issuing the grants.
- The Local Government Pension Scheme review was clarified.

Resolved:

That the update report for the 2012/13 audit is noted.

14. 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.

15. STANDARDS COMPLAINTS UPDATE

15.1 The Chair gave an update on current issues and the investigations now under way, reminding members of the confidential nature of such issues. It was noted that any specific queries could be directed to the Monitoring Officer.

Resolved:

That the update was noted.

The meeting commenced at 6.30pm and finished at 7.50pm

Signed (Chair)

Date