

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

**Date of Meeting: 17<sup>th</sup> March, 2015**

**PRESENT: Councillor Aldred (Chair)  
Councillors Essex, Evans, Hughes, Knowles, Oakes and Procter**

**IN ATTENDANCE: Mr P Seddon, Head of Finance and Property Services  
Ms K Murray, Audit Director, Grant Thornton  
Mr S Hardman, Audit Manager, Grant Thornton  
Mr Ian Rushworth, Principal Auditor, Lancashire County Council  
Mr M Ali, Co-opted Member  
Miss M Hargreaves, Committee and Member Services Officer**

**ALSO PRESENT: 2 members of the public  
Councillors Haworth and Marriott**

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**1. CHAIR'S INTRODUCTION**

1.1 The Chair welcomed everyone to the meeting.

**2. APOLOGIES FOR ABSENCE**

2.1 No apologies had been received.

**3. MINUTES OF THE MEETING HELD ON 23<sup>rd</sup> SEPTEMBER, 2014**

**Resolved:**

The minutes of the meeting held on 23<sup>rd</sup> September 2014 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 Councillors Essex and Knowles declared they were Directors of Rossendale Transport.

**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.

6.2 There were no questions from members of the public.

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

7.1 There were no updates from the Chair.

## **8. INTERNAL AUDIT PROGRESS REPORT TO 28<sup>th</sup> FEBRUARY, 2015**

8.1 The Principal Auditor (LCC) outlined the Internal Audit Report for 2014/15 which provided members with a summary of the works carried out and the assurances given.

8.2 It was noted that the work carried out during this period was in accordance with the agreed audit plan. To 28<sup>th</sup> February 2015, 127.5 days had been spent in delivering the 2014/15 audit plan. The majority of the work focussed on the key financial systems which were required to be completed towards the end of the financial year.

8.3 With regard to section 3 of the report, discussions had taken place with the Director of Business and was agreed to delete the planned audit of Local Land Charges due to the Land Registry taking on responsibility for this function during 2015/16.

8.4 The Principal Auditor noted that a joint meeting had been held between the external auditors of Rossendale Transport Limited (RTL) and the external and internal auditors for Rossendale Borough Council to gain a better understanding of the audit process for RTL.

8.5 There was an update from the limited assurances found in last year's annual internal audit and these were outlined within the report.

8.6 The report outlined a summary of the findings and assurances of the audit review 2014/15; however the Principal Auditor highlighted a number of key areas to the committee which included Members Allowances and Elections. It was noted that both these areas had substantial assurances. However, a concern had been raised regarding the breaching of treasury management limits and the lack of checks on interest received from investments. At the time of the audit, it was identified that the interest provided by NatWest was less than expected and following enquiries it was established that tax had been incorrectly deducted from the interest received. It was noted that the council had since recovered all of the incorrectly deducted tax.

- 8.7 From the number of days budgeted, it was forecasted that the plan would be completed within 188 days, which was 37 fewer days than planned. This was mainly due to contingency days not being required and the deletion of the planned audit of Local Land Charges.
- 8.8 The Committee asked questions and made comments on the report to the Principal Auditor and Head of Finance and Property Services, which included the following:
- If interest recovered had been compounded
  - Number of years interest was incorrectly deducted and how it had occurred
  - Thanks to be passed on the Auditors
  - Interest received was not material enough to look at prior year adjustments
  - If RTL had their own internal audit
  - Importance of audit of RTL being reported to the Audit and Accounts Committee
  - Who would be picking the cost for the audit for RTL
  - Positive report

The Principal Auditor and The Head of Finance and Property Services responded to questions raised.

The Committee agreed that future audit plans would cover the financial and operational risks at RTL to provide the council, as owners, with assurance that the risks facing the business were being managed.

**Resolved:**

1. That the internal audit progress report for the period to 28<sup>th</sup> February, 2015 be noted.
2. That the Head of Finance would liaise with Rossendale Transport Limited regarding the use of a maximum 20 internal audit days.

**9. EXTERNAL AUDIT PROGRESS REPORT**

- 9.1 The Audit Manager gave an overview of the progress against the plan for the 2014/15 audit and also included a summary of recent developments of interest to a Borough Council.
- 9.2 It was noted that most of the work had been completed and the auditors were satisfied with the work conducted so far at this point within the audit.
- 9.3 The Audit Manager informed the committee that work was progressing as

planned in relation to Value for Money. There were other areas of work which included Homes and Communities Agency Compliance Audits (HCA) which were in the process of being completed.

- 9.4 It was noted that Grant Thornton had been running a number of closedown workshops with CIPFA's Finance Advisory Network during January, February and March and a member of the Council's finance team attended the workshop.
- 9.5 The earlier closure and audit of accounts was briefly mentioned, however this was a standing item on the agenda and would be discussed in detail at that point.
- 9.6 The Committee asked questions and made comments of the report to the Audit Manager, which included the following:
- Better to have full accounts in September rather than it being rushed in July
  - Clarification on the terms 'Joint Operations' and 'Joint Ventures'.

The Audit Director and the Audit Manager responded to questions raised and informed the committee that clarification would be sought in relation to the terms 'Joint Operations' and 'Joint Ventures' and this would be fed back to committee.

**Resolved:**

1. That the internal audit progress report for the period to 31<sup>st</sup> March, 2015 be noted.

**10. THE EXTERNAL AUDIT PLAN FOR 2014/15**

- 10.1 The Audit Director outlined the External Audit Plan for 2014/15 and informed the committee that the report set out the planned work for the 2014/15 audit. It also included a summary of some of the challenges and the audit risks identified through planning and interim audit work.
- 10.2 The Audit Director briefly explained the report and noted that The Audit Plan set out the work required between June 2015 and September 2015. Key points were outlined to the committee which included understanding the challenges and opportunities the council was facing, significant risks identified along with other risks highlighted within audit planning, the value for money criteria, results of interim audit work and key dates.
- 10.3 There were no matters to bring to the committees attention regarding the results of the work undertaken.

**Resolved:**

That the External Audit Plan for 2014/15 be noted.

## **11. GRANT CERTIFICATION FINDINGS**

- 11.1 The Audit Manager outlined the purpose of the report which was to inform the committee of the findings from the 2013/14 certification work and fee.
- 11.2 It was noted that various grant-paying bodies required external certification of claims for grant or subsidy and returns of financial information. At Rossendale only the Housing Benefit Subsidy Claim required certification in 2013/14.
- 11.3 There was only a minor amendment in relation to non- HRA rent rebates where it was confirmed a manual adjustment made by the authority was not required as the system had recalculated the amounts correctly.
- 11.4 The Committee commented on the report as summarised below:-
- Comments to be passed back to the team on their good work

### **Resolved:**

That the Grant Certification Letter for the 2013/14 financial year be noted.

## **12. SHORTENING THE ACCOUNTS CLOSURE PROCESS**

- 12.1 The Head of Finance and Property Services outlined the purpose of the report which was to inform members of the requirement to shorten the accounts closure timetable by summer 2018 and to request members views on the changes being put forward, especially the best way to ensure that an appropriate level of scrutiny could be provided by this committee in the future.
- 12.2 The Committee commented on the report as summarised below:-
- Option of taking draft accounts to training sessions not ideal
  - Concern officers would not have sufficient time to draft the accounts
  - Timing of meetings throughout the year and ensuring the wider governance of the role of the committee was considered when scheduling meetings
  - SIPFA publication and using this document to aid terms of reference of committee
- 12.3 It was agreed that Internal Audit would look into good practice of Audit and Accounts in conjunction with the CIPFA publication and would report the findings to the next committee.

The External Auditors and The Head of Finance and Property Services responded to the questions raised.

**Resolved:**

That the Grant Certification Letter for the 2013/14 financial year be noted.

**13. STANDARDS COMPLAINTS UPDATE**

- 13.1 The Chair informed the committee that there had been one complaint made regarding standards matters however this was subsequently withdrawn by the complainant.

**Resolved:**

That the update was noted.

**The meeting commenced at 6.30pm and finished at 7.40pm**

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**Signed (Chair)**

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**Date**