

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 27th June 2017

**PRESENT: Councillor Aldred (Chair)
Councillors Bromley, Essex, Lythgoe, Smith and Steen**

Mr M Ali (co-opted member)

**IN ATTENDANCE: Mr Phil Seddon, Head of Finance and Property
Mrs Janice Crawford, Finance Manager
Mrs Ruth Lowry, Head of Internal Audit, Lancashire County Council
Mr Mark Baskerville, Audit Manager, Lancashire County Council
Mrs Heather Green, Senior Manager, Grant Thornton, Auditors
Miss G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: 2 members of the public
Councillors Howarth and Walmsley**

1. CHAIR'S INTRODUCTION

1.1 The Chair welcomed everyone to the meeting and outlined the housekeeping arrangements.

2. APOLOGIES FOR ABSENCE

2.1 Apologies were received from Karen Murray, Grant Thornton, Auditors.

3. MINUTES OF THE MEETING HELD ON 14TH MARCH 2017

There were no matters arising from the last meeting

RESOLVED:

The minutes of the meeting held on 14th March 2017 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 Councillor Essex declared that he was a Director for Rossendale Transport

Limited.

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 public questions at this point.

7. CHAIR'S UPDATE

7.1 The Chair advised that there was no update from the previous meeting.

8. ROSSENDALE BOROUGH COUNCIL IMPROVEMENT PLAN - UPDATE

8.1 The Head of Finance and Property outlined the update report which was attached as Appendix 1 of the report. The Senior Management Team had worked through some of the actions, however some matters were still outstanding. He advised that the themes of the improvement plan and any outstanding matters would now transfer to the Council's Corporate Strategy for 2017 - 2021.

8.2 Members and members of the public raised the following issues/questions:-

- Clarification of the wording 'netting off'.
- Why the title of the Improvement Plan had changed.
- How long the Improvement Plan would be reviewed by the committee.
- Timescales were important so that progress could be plotted.
- A definition of robust.
- How would members know the impact of a project and how would it be evidenced /measured.
- Referring to the Behavioural/Culture Change no. 4, who was governance and project management reported to.
- Risk Management updates to be embedded into staff training and development.
- What feedback was available from the staff fraud awareness questionnaire.
- How fraud awareness would be monitored.
- Referring to page 6, no. 1, when would the constitutional change be taken to the Governance Working Group.
- What documentation was available to track decisions.
- Whether Scheme of Delegations were part of the Internal Audit checks.
- Had the member training handbook been updated to include risk management, project management, procurement, contract management, Council constitution, good governance etc.

- How would members know they were fully trained.
- Referring to page 7, no. 7, was staff training for Middle Managers compulsory.
- Joint officer and member training should be encouraged and best practice from other authorities used.
- How residents would be updated on the progress of projects.
- Were minutes taken at Programme Board meetings and were copies published.
- Whether members could have a copy of the Empty Homes recovery/ refurbishment plan.
- Questions were asked about the Whistleblowing policy and its use.
- Refresher training was needed for members on Ethical Leadership.
- What was the definition of a material project/decision and who decided what was material.
- Questions regarding the Risk Review Panel and who should identify/ review issues with risk management.
- Mr Atherton raised concerns regarding the money spent on the Trail Head Centre and that the Council hadn't undertaken research with local businesses affected by the centre.
- Councillor Walmsley commented on the robustness of the report and the way it was reviewed by the committee.

8.3 The Head of Finance and Property provided clarification on the points raised and advised that the Improvement Plan would be presented to the committee until members decided to transfer responsibility to the Corporate Management Team.

8.4 It was proposed and seconded that continuous Risk Management training for members and portfolio holders be recommended to the Governance Working Group for them to take forward.

8.5 It was proposed and agreed by all committee members that to attain consistency, the Corporate Strategy included a list of criteria as to who made a decision on material projects.

RESOLVED:

1. That members noted the report and progress made to date on the Rossendale Borough Council Improvement Plan and proposals for its incorporation into the 2017 revised Corporate Strategy.

2. That the Head of Finance and Property would:

- Take back to the HR Manager the suggestion that Risk Management updates be embedded in staff training and development.
- Provide results of the staff fraud awareness questionnaire.
- Clarify if risk management, project management, procurement, contract

management, Council constitution, good governance etc. had been updated in the member training handbook.

- Ascertain if Group Leaders could be supplied with copies of Programme Board meeting minutes.
 - Find out if the Whistleblowing policy had been updated.
 - Ensure that a list of criteria be included in the Corporate Strategy regarding decisions on material projects.
 - Feed back Mr Atherton's concerns regarding the Trail Head Centre.
3. That a recommendation be taken to the Governance Working Group that continuous Risk Management training be incorporated into the training plan for members and portfolio holders.

9. QUARTER 4 2016/17 RISK REPORT

9.1 The Head of Finance and Property outlined the report which was for the committee to note and scrutinise. He advised that the report would also be taken to Cabinet.

9.2 Members and members of the public raised the following issues/questions:-

- The portfolio holder roles and responsibilities.
- Was there feedback from the portfolio holder and Overview & Scrutiny following consultation.
- Only the risk report was needed by the committee.
- Whether the numbering system could be reconsidered.
- Clarification was sought on a number of risks.
- Could material projects be listed separately for clarity i.e. Bacup THI and Spinning Point.
- Risk EG6 did not include a project name. Comments from the Management Team and portfolio holder would be helpful.
- The 'Latest Note' should include a full update as this was a public document.

9.3 The Head of Finance and Property and Finance Manager provided clarification on the issues raised.

9.4 Councillor Lythgoe advised that Overview & Scrutiny were looking to change the report as it was not fit for purpose.

RESOLVED:

1. That members considered the level of risks details in the report and noted their management and ranking.
2. That Councillor Walmsley confirms the roles and responsibilities of the

portfolio holders.

3. That the Head of Finance & Property would:

- Advise the HR Manager that only the risk report was needed by the committee.
- Arrange for Bacup THI and Spinning Point to be listed separately in the report as material projects.
- Circulate details of the project name and management and portfolio holder comments in relation to Risk EG6.

10. INTERNAL AUDIT ANNUAL REPORT FOR THE YEAR ENDING 31ST MARCH 2017

10.1 The Head of Internal Audit at Lancashire County Council outlined the report, advising that a number of items were covered including the assurance to be provided, fraud initiative and releases on council tax.

10.2 Members and members of the public raised the following issues/questions:-

- Concerns were expressed that limited assurance had been given despite all the work undertaken.
- Would the report go to full Council.
- Was the report seen by the Head of Finance & Property for comments.

Councillor Bromley left the meeting

- Further work was needed on corporate processes.
- Could information from the procurement audit be extrapolated.
- Was the latest contractor list published on the website.
- What were the concerns over debt management.
- The number of credit cards held and the credit card policy.
- When would the Audit Status and Assurance be completed.
- Exit interviews for staff.

Mr Ali left the meeting.

- Mr Atherton asked if negotiations were underway to recover monies in relation to the Empty Homes.

10.3 The Head of Internal Audit, Audit Manager and the Head of Finance & Property provided clarification on the issues raised.

10.4 The Head of Internal Audit advised that she had discussed the Improvement Plan with the Head of Finance & Property and agreed that it was a good document but that the committee needed to tighten up on some areas and there were issues to

be resolved. The work the Council had undertaken so far had been acknowledged in the report and that the assurance marking was a reflection on 2016/17.

- 10.5 The Head of Finance & Property advised that risk management and procurement would be reviewed at the next Senior Management Team meeting. A procurement strategy was being drafted and there would be a central register of contractors. The Audit Manager confirmed that the Corporate Spend Analysis was published which included names of the contractors currently being used.
- 10.6 The Chair asked the Head of Internal Audit that the Limited Assurance on the 2015/16 accounts and the 2016/17 accounts suggest that there had been no improvements and was this the case. The Head of Internal Audit responded that she felt there had been considerable improvement but not quite sufficient to raise the level of assurance to a higher level.

RESOLVED:

1. That the committee considered the internal audit annual report for the year ended 31st March 2017.
2. That Councillor Walmsley feedback concerns that staff exit forms were not always completed.

The Head of Internal Audit and the Audit Manager left the meeting.

11. EXTERNAL AUDIT PROGRESS REPORT

- 11.1 The Senior Manager from Grant Thornton outlined the report. She advised that the accounts for 2014/15 and 2015/16 would soon be concluded. Work would then commence on the 2016/17 accounts.
- 11.2 Members and members of the public raised the following issues/questions:-
- Could conclusions be drawn yet.
- 11.3 The Senior Manager confirmed that expectations in relation to the HCA scheme had been discussed and that it was likely there would be a qualification on the 2014/15 accounts.

RESOLVED:

1. That the External Audit Progress Report was noted.

12. DRAFT 2016/17 ACCOUNTS INCLUDING ANNUAL GOVERNANCE STATEMENT – 31ST MARCH 2017

- 12.1 The Finance Manager outlined the report which included the Annual Governance Statement for 2016/17. The accounts for the last three financial years were still open and it was hoped that years 2014/15 and 2015/16 would be brought to the next committee meeting.
- 12.2 The Finance Manager explained that an error had been highlighted in relation to council tax court costs. These had been shared with other precepting authorities in error. This had now been rectified.
- 12.3 Members and members of the public raised the following issues/questions:-
- The general fund balance had been £1million for some time.
 - Referring to page 4, bullet point 2, had the figure increased due to the Empty Homes.
 - Would the Council continue to pay staff pensions should the bus company stop trading.
 - How the reserves were made up/balanced.
 - There was a large amount of unspent money for Disabled Facilities Grants.
 - Clarification of hoarding relief.
 - Was the collection rate for renewable energy a one off payment.

The Chair advised that the meeting was at the 3 hour point and members should decide whether to continue with the meeting. It was proposed and seconded that the meeting continue. All were in favour.

- Did the Vice Chair of Audit & Accounts receive an allowance.
- Could descriptions be added to the photos within the Statement of Accounts.
- The general fund heading showed council tax rates had been frozen which was misleading to the public as council tax had increased.
- Pension contributions from staff.
- When was the Customer Access Strategy last reviewed.
- What was a partnership register.

The Senior Manager from Grant Thornton left the meeting.

- Could training be provided on the Annual Governance Statement.
- Mr Atherton thanked the Council for the money they had recovered from the Empty Homes scheme.
- Mr Atherton asked if Council owned land was being used to its full potential.

- 12.4 The Head of Finance and Property, Finance Manager and Chair provided clarification on the points raised.
- 12.5 The Finance Manager and Finance Team were thanked for all their work in preparing the reports.
- 12.6 The Head of Finance & Property advised that a Community Asset Manager was now in post who was looking to maximise Council owned land.

RESOLVED:

1. That the report was noted and approved.
2. That the Head of Finance & Property arrange for the Customer Access Strategy be reviewed.

13. EXCLUSION OF PUBLIC AND PRESS

Resolved:

That the public and press be excluded from the following items of business under Section 100(A)(4) of the Local Government Act 1972 since they involved the disclosure of exempt information under Paragraph 1 and 2 of Schedule 12A of the Act.

14. STANDARDS COMPLAINTS UPDATE (VERBAL)

An update was given in relation to standards complaints.

15. WHISTLEBLOWING UPDATE (VRBAL)

The Chair advised that there was nothing to report in relation to use of the Whistleblowing Policy.

The meeting commenced at 6.30pm and finished at 10.05pm

Signed (Chair)

Date