

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON WEDNESDAY 27<sup>TH</sup> JANUARY, 2016**

*PRESENT –*

*Councillor L. Davy – (in the Chair)*

*Cllr D. Lord  
Cllr P. White*

*Mr D. Whatley*

**Also in attendance**

<i>K. Murray</i>	<i>Grant Thornton UK LLP</i>
<i>Neil Krajewski</i>	<i>Grant Thornton UK LLP</i>
<i>V. Green</i>	<i>Financial Services Manager (PBC)</i>
<i>F. Khaliq</i>	<i>Senior Auditor (PBC)</i>
<i>J. Eccles</i>	<i>Committee Administrator (PBC)</i>

*(Apologies were received from Mr M. Youlton and Councillors R. Allen and M. Ammer.)*



**27. DECLARATION OF INTERESTS**

Members were reminded of the legal requirements concerning the declaration of interests.

**28. MINUTES**

The Minutes of the last meeting of the Committee held on 28<sup>th</sup> September, 2015 were submitted for approval.

**RESOLVED**

That the Minutes be agreed as a correct record and signed by the Chairman.

**29. EXTERNAL AUDIT – GENERAL UPDATE**

K. Murray gave a progress report on the work of the Council's External Auditor at January 2016. The report included a summary of emerging national issues and developments of relevance to the Council and a number of related challenge questions for the Committee to consider. The External Auditors had provisionally agreed to present the Audit Findings report to the July meeting of this Committee, to allow the Council to close its 2015/16 Accounts by the end of July.

**RESOLVED**

That the External Auditor's update report be accepted.

**30. EXTERNAL AUDIT – HOUSING BENEFITS SUBSIDY CLAIM CERTIFICATION**

*(Mr D. Whatley declared a personal interest in this item as an employee of the Department for Works and Pensions.)*

The Financial Services Manager provided the Committee with the External Auditor's report on the certification of grant claims for 2014/15. The auditors had certified the housing benefits subsidy claim relating to expenditure of £26,368,730, in accordance with Government guidelines and found no issues to highlight. They were satisfied that the Council had appropriate arrangements to compile and complete accurate and timely claims for audit certification.

## **RESOLVED**

That the External Auditor's report, as set out at appendix A to the report, be accepted.

### **31. TERMS OF REFERENCE AND CIPFA GUIDANCE**

The Financial Services Manager submitted a report recommending a review of the Committee's Terms of Reference which were set out in the Council's Constitution. It also sought feedback from the Committee on training or any other support Members required to assess and optimise their effectiveness.

The key messages from a recent cross-sector review undertaken by Grant Thornton on audit committee effectiveness were set out at Appendix B. The Chartered Institute of Public Finance and Accountancy (CIPFA) had also published guidance on Audit Committees. This included a self-assessment template setting out a number of "good practice" questions at Appendix C.

## **RESOLVED**

- (1) That the terms of reference be revised to include a reference to promoting value for money and a couple of amendments regarding audit activity; that they be brought back to this Committee for further consideration in March; and, once agreed, that they be included in the Council's Constitution for formal approval at Annual Council in May.
- (2) That the key messages arising from the Grant Thornton cross-sector review of Audit Committee effectiveness and the self-assessment checklist developed by CIPFA be noted.

### **32. INTERNAL AUDIT – BENCHMARKING**

The Financial Services Manager submitted a report on the outcome of a recent benchmarking exercise undertaken by the Lancashire District Audit Group of 8 Internal Audit Units in Lancashire. Overall it showed Pendle's Internal Audit to be in a sound position when compared to local district neighbours. It was also found to have the lowest cost base.

## **RESOLVED**

That the outcome of the benchmarking exercise undertaken by the Lancashire District Audit Group comparing the Council's Internal Audit Unit with its peers in Lancashire be noted.

### **33. INTERNAL AUDIT 2015/16 – PROGRESS REPORT**

The Audit and Performance Manager submitted a report with an update on progress against the Internal Audit Plan for 2015/16 as at 31<sup>st</sup> December 2015 and Members asked questions.

**RESOLVED**

- (1) That the progress made against the Audit Plan for 2015/16 as set out at Appendix A of the report be noted.
- (2) That the adjustments to the Audit Plan for 2015/16 as set out in the table attached at Appendix B of the report be agreed.

**34. INTERNAL AUDIT: RECOMMENDATION DATABASE**

The Audit and Performance Manager submitted a report that summarised progress on the implementation of internal audit recommendations as at 12<sup>th</sup> January 2016. A summary report at Appendix A listed all the agreed Priority 1 and 2 recommendations issued in each final audit report since 1<sup>st</sup> April 2014. All the recommendations included in the database had been agreed with the respective Auditee. There were 5 recommendations at Appendix B which were not to be implemented as from April 2014, of which 4 had been reported previously.

**RESOLVED**

- (1) That the progress made on the implementation of Internal Audit recommendations up to the 12<sup>th</sup> January be noted.
- (2) That the Audit and Performance Manager ask the Housing, Health and Economic Development Services Manager further questions about the stock taking issue at Discover Pendle.
- (3) That the Audit and Performance Manager provide more information to the next meeting on the status of the recommendations in progress.

**35. MANAGING THE RISK OF FRAUD, THEFT AND CORRUPTION**

*(Mr D. Whatley declared a personal interest in this item as an employee of the Department for Works and Pensions.)*

The Audit and Performance Manager submitted a report with an update on the Council's anti-fraud, theft and corruption arrangements. There was still a backlog of referrals from local authorities awaiting assessment with the Department for Works and Pensions, which was likely to affect the rate of recovery of debt. There had been no reported incidents of theft or fraud investigated by Internal Audit Unit during the period.

**RESOLVED**

That the activity undertaken to manage and mitigate the risk of fraud, theft and corruption within the Council's activities be noted.

**36. TREASURY MANAGEMENT 2015/16 – QUARTER 3 MONITORING REPORT**

The Financial Services Manager submitted a report on the treasury management activities of the Council in the third quarter of 2015/16 and answered related questions. The report provided a summary view of the activity undertaken to date in 2015/16 in relation to the Council's debt and

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investments. An analysis of the long-term debt and a maturity profile were provided as appendices to the report.

**RESOLVED**

That the work on the Council's treasury management activities in the third quarter of 2015/16 be noted.

Chairman \_\_\_\_\_