

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON THURSDAY 28TH SEPTEMBER, 2016**

PRESENT –

Councillor P. White – (Vice-Chairman in the Chair)

*Cllr D. Lord
Cllr Nawaz Ahmed*

Mr M. Youlton

Also in attendance

<i>K. Murray</i>	<i>Grant Thornton UK LLP</i>
<i>D. Langton</i>	<i>Strategic Director (PBC)</i>
<i>K. Stansfield</i>	<i>Audit and Performance Manager (PBC)</i>
<i>J. Eccles</i>	<i>Committee Administrator (PBC)</i>

(Apologies were received from Mr D. Whatley and Councillors L. Davy and M. Ammer.)



64. DECLARATION OF INTERESTS

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

65. MINUTES

The Minutes of the last meeting of the Committee held on 28th July, 2016 were submitted for approval.

RESOLVED

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

66. EXTERNAL AUDIT – UPDATE

K. Murray presented an update on the work of the External Auditors as at 8th September against the work planned for 2016/17. The Audit Plan would be presented to the Committee in March 2017 and the final accounts audit produced in June/July 2017. The findings of the Value for Money risk assessment would be reported as part of their Audit Findings Report.

K. Murray drew attention to the technical update on the flexible use of capital receipts to fund the revenue costs of reform projects. The Strategic Director said that the Council was aware of this new direction. At the last meeting of the Executive it was agreed to develop a capital receipts strategy as part of the next update of the Medium-Term Financial Plan to enable the Council to benefit from the flexible use of capital receipts in the period 2016/17 to 2018/19.

RESOLVED

That the update on the work of the External Auditors be noted.

67. EXTERNAL AUDIT – IT CONTROLS REVIEW

The Financial Services Manager submitted an update on the findings of a review by Grant Thornton on aspects of the Council's IT controls framework. A copy of the findings and associated Management response were attached at Appendix A.

A number of small risk findings had been identified. It was agreed that effective implementation of the audit recommendations to address them would reduce the level of risk. The Strategic Director pointed out that moving to a more localised IT Team in the near future would improve controls and was something he would be monitoring.

RESOLVED

- (1) That the findings of the review by Grant Thornton and the action plan proposed by Management in response be noted.
- (2) That a further report on progress with the implementation of the recommendations be submitted to the next meeting.

68. INTERNAL AUDIT UNIT – PROGRESS REPORT

The Audit and Performance Manager submitted a report on progress against the Internal Audit Plan for 2016/17 as at 31st August 2016. He informed the Committee that the Heads of Audit at Burnley and Hyndburn Council would be carrying out a Peer Review of the Internal Audit Unit in November. The results would be reported to a future meeting.

RESOLVED

- (1) That the progress made against the Audit Plan for 2016/17 as set out at Appendix A of the report be noted.
- (2) That the adjustments to the Audit Plan for 2016/17 as set out in the table attached at Appendix B of the report be agreed.
- (3) That the Internal Audit Quality and Improvement Plan attached at Appendix C of the report be approved.

69. INTERNAL AUDIT RECOMMENDATION DATABASE

The Audit and Performance Manager submitted a report that summarised progress on the implementation of internal audit recommendations as at 19th September 2016. There were 25 Priority 2 recommendations outstanding. The position on implementation of these, following discussion with Management, was set out at Appendix B. It was explained that the Customer Complaints system had turned into a wider project than just meeting the Audit report recommendations. The complaints system was being updated and relaunched and was intertwined with the redevelopment of the intranet. This had delayed implementation of the Audit recommendations for the time being.

RESOLVED

That the progress made on the implementation of Internal Audit recommendations up to the 19th September 2016 be noted.

70. MANAGING THE RISK OF FRAUD, THEFT AND CORRUPTION

The Audit and Performance Manager submitted a report with an update on the Council's anti-fraud, theft and corruption arrangements and answered related questions.

At Appendix A there was a breakdown of the 2016/17 Housing Benefit fraud cases which had been investigated by SFIS and the results reported. It was noted that the recovery rate was dropping as a result of no longer dealing with investigations in-house. Appendix B set out the year on year comparison of recovery of overpayments from 2008/9 to 12th September 2016. The Council's Fraud Return for 2015-16 to the European Institute for Combatting Corruption and Fraud, which monitored all Local Authorities' anti-fraud activity was attached at Appendix C. The Council had had no serious fraud to report. At Appendix D was a CIPFA Counter Fraud Centre's Checklist for "Fighting Fraud Locally" for Members' information. The checklist was being worked through to ensure that the Council fully complied.

RESOLVED

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

71. TREASURY MANAGEMENT 2016/17 – QUARTER 2 MONITORING REPORT

The Financial Services Manager submitted a report on the treasury management activities of the Council in the first half of 2016/17. The report provided a summary of the activity undertaken to date in 2016/17 in relation to the Council's debt and investments. An analysis of the long-term debt and a maturity profile were provided as appendices to the report.

It was noted that further borrowing may be undertaken during the year, subject to the agreement from Council, to fund the possible acquisition of the Council's leasehold interest in the Ace Centre, Nelson.

RESOLVED

That the work on the Council's treasury management activities in the first half of 2016/17 be noted.

72. APPOINTMENT OF EXTERNAL AUDITOR - UPDATE

The Financial Services Manager submitted a report on the provisions of the Local Audit and Accountability Act 2014 regarding the appointment of the External Auditors for 2018/19. Grant Thornton would continue to be the Council's Auditors in 2016/17 and 2017/18. However, the Council would then need to appoint a local auditor to audit its accounts no later than 31st December 2017.

There were three options for making the appointment: with an Auditor Panel to advise on the selection and appointment of a local auditor; in conjunction with other bodies; or via a national collection scheme. No decision had yet been taken on which option the Council would take.

RESOLVED

- (1) That the requirements relating to the appointment of External Auditors to the Council for 2018/19 be noted
- (2) That the recent developments, led by Public Sector Audit Appointments, for a national collective scheme for auditor appointments also be noted.
- (3) That the Financial Services Manager be asked to bring an update on developments to the next meeting.

Chairman _____