

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON WEDNESDAY 25<sup>TH</sup> JANUARY, 2017**

*PRESENT –*

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

*Cllr Nawaz Ahmed*

*D. Whatley*

*Cllr M. Ammer*

*Cllr D. Lord*

**Also in attendance**

<i>N. 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 K. Murray, M. Youlton and Councillor L. Davy.)*



**73. DECLARATION OF INTERESTS**

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

**74. MINUTES**

The Minutes of the last meeting of the Committee held on 28<sup>th</sup> September, 2016 were submitted for approval.

**RESOLVED**

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

**75. EXTERNAL AUDIT – UPDATE**

N. Krajewski presented an update on the work of the External Auditors as at 17<sup>th</sup> January 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.

**RESOLVED**

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

**76. EXTERNAL AUDIT – GRANT CLAIM CERTIFICATION 2015/16**

Members considered a letter from Grant Thornton certifying a claim for 2015/16 relating to Housing Benefits. Their work indicated that Council had appropriate arrangements to compile and complete claims for audit certification on a timely basis.

The audit had highlighted one minor matter, where the Council had treated a payment to a landlord as though the landlord was a registered provider of social housing, when this was not the case. It was agreed to adjust the claim form to correct all payments made to this landlord. In accordance with the approach specified by the Department for Works and Pension, there was follow-up testing of 40 further cases to confirm whether there were any further instances of the same error within the population of Rent Allowance cases. No further errors were found.

**RESOLVED**

That the grant certification by Grant Thornton be noted.

**77. 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 31<sup>st</sup> December 2016. At the meeting it was reported that two reviews in the original plan were now unlikely to be completed. The review of Section 106 Agreements had been replaced by further work on Taxi Licensing around safeguarding arrangements. The review of Periodic Checks was likely to be covered as part of the review on the Main Accounting System.

**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 and updated at the meeting be agreed.

**78. INTERNAL AUDIT RECOMMENDATION DATABASE**

The Audit and Performance Manager submitted a report that summarised progress on the implementation of internal audit recommendations at 9<sup>th</sup> January 2017. It stated that 11 Priority 2 recommendations outstanding in ICT on Asset Management and Information Security Policy, reported to the last meeting, were still overdue. However, Members were informed that the IT Asset Management recommendations had now been implemented. The Information Security Policy recommendations were likely to be signed off in the next week or two.

**RESOLVED**

That the progress made on the implementation of Internal Audit recommendations up to the 9<sup>th</sup> January 2017 be noted.

**79. 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. Appendix B set out the year on year comparison of recovery of overpayments from 2008/9 to 9<sup>th</sup> January 2017.

**RESOLVED**

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

**80. PUBLIC SECTOR INTERNAL AUDIT STANDARDS PEER REVIEW OF INTERNAL AUDIT**

The Audit and Performance Manager submitted a report following the outcome of the Peer Review of Internal Audit undertaken by Burnley Borough Council and Hyndburn Borough Council Internal Audit Managers. The detailed examination process concluded that the Audit Team had conformed to all the standards assessed against three broad themes - Purpose and Positioning, Structure and Resources and Audit Execution - which was a very good outcome. Appendix C set out some suggested actions for consideration to develop the audit function arising from the review.

**RESOLVED**

- (1) That the outcome of the Peer Review process be noted and an update on the Council's response to the suggested actions at Appendix C be brought back to the Committee in due course.
- (2) That the work of the Internal Audit Team be well publicised within the Council.

**81. INTERNAL AUDIT - BENCHMARKING**

The Audit and Performance Manager submitted a report on the outcome of a recent benchmarking exercise undertaken by the Lancashire District Audit Group of Internal Audit Units in Lancashire. The Committee discussed the significance of the results including costs and the level of audit resources. In response the Financial Services Manager explained consideration of audit resources would form part of the updated Strategic Audit Plan and be reported to the next meeting of the Committee.

**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.

**82. TREASURY MANAGEMENT 2016/17 – QUARTER 3 MONITORING REPORT**

The Financial Services Manager submitted a report on the treasury management activities of the Council at the end of December 2016. 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 acquisition of the Council's leasehold interest in the Ace Centre, Nelson.

**RESOLVED**

That the work on the Council's treasury management activities from 1<sup>st</sup> April to 31<sup>st</sup> December 2016 be noted.

**83. APPOINTMENT OF EXTERNAL AUDITOR - UPDATE**

The Financial Services Manager submitted a report with an update on recent developments linked to the appointment of External Auditor to the Council. Since the last meeting the Public Sector Audit Appointments Limited (PSAA) had appointed Grant Thornton to audit the Council's accounts for 2017/18. This was an extension of the appointment for one year as a consequence of the extension of the transitional arrangements made by the Department of Communities and Local Government.

Following a decision taken by full Council on 15<sup>th</sup> December the PSAA were informed of the Council's decision to opt in to the national arrangement for auditor appointments. As a result the Council's External Auditor for 2018/19 would be appointed by the PSAA following their procurement process and notified to the Council no later than 31<sup>st</sup> December 2017.

**RESOLVED**

- (1) That confirmation of the appointment of Grant Thornton as External Auditor to the Council for 2017/18 be noted.
- (2) That the Council's decision to opt in to the national arrangement being developed by Public Sector Audit Appointments Limited for the appointment of External Auditor from 2018/19 be noted.

**84. CORPORATE GOVERNANCE AND RISK - UPDATE**

The Financial Services Manager submitted a report providing details of a self-assessment carried out against the updated Delivering Good Governance in Local Government Framework published jointly by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives in 2016. The results were set out at Appendix A of the report.

The Council's arrangements were generally good and demonstrated compliance with the principles set out in the revised code. However, there were a small number of areas where it was felt that the existing arrangements could be strengthened or required improvement. These were highlighted in the report. It was noted that further work would be undertaken across those areas and progress reported to the Committee in subsequent updates.

**RESOLVED**

- (1) That the outcome of the initial self-assessment set out at Appendix A of the report be noted.
- (2) That the intention to provide further reports in due course to ensure the Council's corporate governance framework remains subject to regular review and scrutiny by this Committee be noted.

**85. IT CONTROLS**

The Financial Services Manager referred to the update submitted to the September meeting on the findings of a review by Grant Thornton on aspects of the Council's IT controls framework. A number of low risk findings had been identified with a number of audit recommendations to reduce the level of risk. Members had asked for a report on progress with their implementation to be submitted to this meeting.

Grant Thornton had completed the work and this was set out in a colour-coded table showing the issue and risk, recommendation and Management Response. All the deficiencies found were found to be the lowest level of risk, and classed as "risk of inconsequential misstatement". Some of the recommendations had been fully implemented, some were in progress whilst a small number required further consideration.

**RESOLVED**

That progress on implementation of audit recommendations to address internal control deficiencies be noted and a further update be brought back to the Committee in due course.

**86. RETIREMENT OF AUDIT AND PERFORMANCE MANAGER**

It was reported that the Audit and Performance Manager, Kevin Stansfield, was retiring at the end of March 2017.

**RESOLVED**

That a letter be sent to the Audit and Performance Manager thanking him for his long service to the Council and all his work for this Committee.

Chairman \_\_\_\_\_