

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON TUESDAY 21ST MARCH, 2017**

PRESENT –

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

Cllr D. Lord

D. Whatley

Also in attendance

<i>N. Krajewski</i>	<i>Grant Thornton UK LLP</i>
<i>K. Murray</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>C. Finn</i>	<i>Corporate Accountant PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

(Apologies were received from M. Youlton and Councillors L. Davy, M. Ammer and M. Iqbal.)



87. DECLARATION OF INTERESTS

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

88. MINUTES

The Minutes of the last meeting of the Committee held on 25th January, 2017 were submitted for approval.

RESOLVED

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

89. EXTERNAL AUDIT – UPDATE FROM GRANT THORNTON

N. Krajewski gave an update on the work of the Council's External Auditor as at 9th March 2017 which was going according to plan. Work had commenced on the interim accounts audit in December 2016. Grant Thornton was currently completing the second phase of their interim work which required detailed testing of transactions in the Council's ledgers in the period 1 April 2016 to 28 February 2017. The outcome of their work would be reported to this Committee in July. It was intended to issue their audit opinion by 31 July.

The report included some technical matters on Delivering Good Governance and Changes to the CIPFA Code. There were also updates on some broader developments including the new Apprentice Levy and Pooling LGPS which the Financial Services Manager talked Members through.

RESOLVED

That the External Auditor's update report be accepted.

90. EXTERNAL AUDIT PLAN 2016/17

K. Murray presented an update on the work of the External Auditors and highlighted some key points. She said that there were no concerns nor anything unusual that she felt she had to bring to the Committee's attention. The results of their value for money audit work and the key messages arising would be reported in their Audit Findings Report and in the Annual Audit Letter later in the year.

RESOLVED

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

91. STATEMENT OF ACCOUNTS – GAINING MANAGEMENT ASSURANCE

The Financial Services Manager submitted a letter from Grant Thornton to the Chairman of the Accounts and Audit Committee with several questions about how the Committee gained assurance over management processes and arrangements. Also attached was the draft response which it was intended to send at the end of the financial year.

RESOLVED

That the letter from Grant Thornton be noted and the response from the Chairman be sent at the end of the financial year.

92. INTERNAL AUDIT RECOMMENDATION DATABASE

The Audit and Performance Manager submitted a report that summarised progress on the implementation of internal audit recommendations at 6th March 2017. Since 1st April 2015, from 136 recommendations made by Internal Audit, 102 had been implemented and 33 were in the process of being implemented by Management.

It was previously reported that there were 11 Priority 2 recommendations outstanding. These had now all been implemented. There was 1 recommendation which would not be implemented and an explanation for this had been given at a prior meeting.

RESOLVED

That the progress made on the implementation of Internal Audit recommendations up to the 6th March 2017 be noted.

93. INTERNAL AUDIT PLAN 2016/17 – MONITORING REPORT

The Audit and Performance Manager submitted a report with an update on progress against the Internal Audit Plan for 2016/17 as at 28th February 2017. At the meeting it was reported that since writing the report a further 8 Audits had completed, making a total of 24. It was expected that the Team would complete the remaining Audits in the Plan, although one on the Pendle Leisure Trust might run into next year.

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 at Appendix B of the report be agreed.

94. 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 the Senior Auditor 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 13th March 2017.

RESOLVED

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

95. STRATEGIC AUDIT PLAN 2017/18 TO 2019/20

The Audit and Performance Manager submitted a report on the Internal Audit Strategy and Audit Plan covering the period 2017-20. This had been considered by Management Team on 28th February, when Service Managers were given the opportunity to contribute to the Plan.

The Strategy identified how the internal audit service would be delivered and developed in accordance with the Internal Audit Charter and how it linked to organisational objectives and priorities. It was noted that there were ongoing discussions around the delivery of Computer Audit in view of the current external provider no longer being able to deliver the service.

Due to the retirement of the Audit and Performance Manager this left just two auditors, so the plan provided for 328 chargeable audit days as opposed to 422 in 2016/17.

Appendix 2 B(i) listed the audit areas which were either no longer required, would be included in other reviews or would be scrutinised elsewhere. There was a debate on whether the Customer Complaints System, which was included in the list, needed its own audit. It was explained that the format of the Complaints System was being revised and was tied into the update of the Council's website. The Senior Auditor said that complaints would be included in a quarterly Performance Monitoring report for the Executive.

K. Murray added that it would be reasonable for the Committee to ask for reports on any of the Council's procedures or systems where they wanted assurances.

RESOLVED

- (1) That the Internal Audit Strategy and Audit Plan for 2017/20 be agreed.

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- (2) That the next Performance Monitoring report be brought to this Committee after the Executive so that a view could be taken on whether the complaints procedure was being effectively monitored.
- (3) That the Terms of Reference in the Internal Audit Strategy and Audit Plan include the option for the Senior Auditor to have a private meeting each year with the members of this Committee and the External Auditor without Senior Management present.

**96. CLOSURE OF ACCOUNTS 2016/17
ACCOUNTING CODE OF PRACTICE UPDATE AND OTHER RELATED MATTERS**

The Financial Services Manager submitted a report on the Accounting Code of Practice for 2016/17; arrangements for the public inspection period of the accounts; and requesting approval of the proposed Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31st March 2017. The Corporate Accountant talked Members through the report and answered related questions.

RESOLVED

- (1) That the main changes arising from the 2016/17 Accounting Code of Practice which impact on the preparation of the Council's financial statements for the year be noted.
- (2) That the timetable for the publication of the draft statement of accounts and rights of public inspection resulting from the Accounts and Audit Regulations 2015 be noted.
- (3) That the proposed accounting policies for the 2016/17 accounts as set out at Appendix B be approved.

97. TREASURY MANAGEMENT 2016/17 – QUARTER 4 MONITORING REPORT

The Financial Services Manager submitted a report on the treasury management activities of the Council in the fourth quarter of 2016/17. The report provided a summary of the activity undertaken 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 was planned for early 2017/18, linked to the Council's acquisition of the ACE Centre (part) and Number One Market Street, Nelson. The Committee would be kept informed of any developments in subsequent update reports.

RESOLVED

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

Chairman _____