

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 19th March 2019

**PRESENT: Councillor Marriott (Chair)
Councillors Aldred, Essex, Lythgoe, Procter and Steen**

**IN ATTENDANCE: Mr P Seddon, Head of Finance
Mrs J Crawford, Finance Manager
Mr M Baskerville, Audit Manager, Internal Audit, LCC
Mr R Baker, Engagement Lead, Grant Thornton Auditors
Mr S Hardman, Engagement Manager, Grant Thornton Auditors
Miss G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: Councillor Haworth and Walmsley
2 members of the public**

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Mr Ali, Co-opted member.

2. MINUTES OF THE MEETING HELD ON 5TH MARCH 2019

RESOLVED:

The minutes of the meeting held on 5th March 2019 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

3.1 The Chair confirmed that there were no urgent items of business.

4. DECLARATIONS OF INTEREST

4.1 Councillors Essex and Marriott declared a non-pecuniary interest in Rossendale Transport Limited as they were Council appointed Directors. Councillor Essex also declared a non-pecuniary interest in the RTB Partnership.

5. PUBLIC QUESTION TIME

5.1 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.

5.2 There were no public questions at this point.

6. CHAIR'S UPDATE

6.1 There was nothing to report.

7. CORPORATE RISK REGISTER UPDATE – QUARTER 3 2018/19

7.1 The Head of Finance advised that following the formation of the Programme Board in 2017 the Management Team began a review of all areas of risk. The new Corporate Risk Register provided the details for 11 risks which included high level risks.

7.2 In response to the comments made it was noted that:

- A matrix explaining the letters and numbers used to identify the impact and likelihood of the risk would be included in the next report.
- The Management Team had reviewed service plans in order to determine the 11 risks. The Committee were asked to review the register and identify any further risks to be included.
- The new Corporate Risk Register had been discussed with the internal auditors. A number of audit days had been included in the 2019/20 annual plan.

RESOLVED:

- That members noted the Corporate Risk Register as detailed in the report.
- That members noted the risk consequences, mitigation action and level of risk as detailed in Appendix A.

8. INTERNAL AUDIT PROGRESS REPORT QUARTER 3 2018/19

8.1 The Internal Audit Manager outlined the quarter 3 progress report. Most of the audit work had now been completed and final or draft reports issued. Work on the Improvement Plan would be completed after the rest of the work. It was noted that steps had been put into place to address any risks identified.

8.2 In response to the comments made it was noted that:

- It was not best practice to job share the Data Protection Officer role but it was not prohibited.
- Clarification would be provided on whether the quality assurance certificate for 2018/19 would be presented to the Overview & Scrutiny Committee.
- Due to resourcing and capacity it was acceptable to review the Programme Board annually alongside regular reviews by individual senior managers.

RESOLVED:

- That members considered the internal audit progress report for 2018/19 Quarter 3, October to December.

9. INTERNAL AUDIT ANNUAL PLAN FOR 2019/20

9.1 The Internal Audit Manager outlined the annual plan for 2019/20 which covered the key components of governance, risk management and control. The work would address key risks and ensure actions were in place. Implementation of actions from 2018/19 would also be followed up. Areas to be covered in the audit included Freedom of Information and Subject Access requests, ICT and Digital

Strategies and the new Corporate Risk Register. A number of contingency days had also been included to cover counter fraud advice.

9.2 In response to the comments made it was noted that:

- The days allocated to each area was subject to change if necessary.
- The Council would take into account planning constraints in relation to Brownfield sites.

RESOLVED:

- That members approved the internal audit annual plan for 2019/20.

10. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS FOR 2017/18

10.1 The Finance Manager advised that this was the fourth and final set of outstanding accounts. It was noted that savings had been made on the pension fund, vehicle hire and taxi licencing.

10.2 Group Accounts had now been amended to include the activity of Rossendale Transport Ltd between the 1st April 2017 and the 12th January 2018, when the shares were sold. The Group Balance Sheet as at 31st March 2018 had not changed as the Transport company element remained £nil at the end of the financial year. The Group pension fund was transferred to the Council at 1st April 2016, so there was no need for group pension notes and these had been removed. The Committee were asked to consider the Letter of Representation for the 2017/18 accounts.

10.3 In response to the comments made:

- Clarification was provided on the figures and adjustments made in relation to the disposal of the bus company and the bus depot. The Head of Finance agreed to circulate a table that would show the details.

RESOLVED:

- That members noted and approved the contents of the report and the changes made to the Annual Governance Statement and the Statement of Accounts 2017/18 (Appendix 1) since the draft was submitted in June 2018.
- Members considered and approved the Letter of Representation regarding the 2017/18 Accounts (Appendix 2).
- That members delegated any minor subsequent amendments to the Head of Finance and the Chair of the Audit Committee ahead of final sign off and release for issue.

11. EXTERNAL AUDIT FINDINGS REPORT 2016/17

11.1 The Engagement Manager, Grant Thornton outlined the 2016/17 Findings Report. He advised that there were still some issues with PPE/Fixed Assets and more work was to be undertaken. A qualified 'except for' VFM conclusion confirming that the Council did have appropriate arrangements was proposed.

- 11.2 In response to the comments made:
- Clarification was provided on the meaning of materiality.
 - Clarification was provided on the pension deficit valuations and its funding.

RESOLVED:

- That members noted the External Audit Findings Report 2016/17.

12. EXTERNAL AUDIT FINDINGS REPORT 2017/18

12.1 The Engagement Manager, Grant Thornton outlined the 2017/18 Findings Report. He advised that issues in relation to PPE and the sale of Rossendale Transport Limited were being worked through. The MTFs and overall financial sustainability for 2018/19 had been reviewed to ensure there were no changes and appropriate arrangements were in place. The Financial Monitoring Reports were thorough but capital monitoring arrangements required amending. Accounts work was in progress with some testing to be completed. A clean VFM opinion would be proposed concluding that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

12.2 The Engagement Lead, Grant Thornton advised that it was normal and legitimate not to include RTB Partnership figures in the group accounts as the Council only owned one third of the company. He also advised that a framework was in place to hand over to the new external auditors.

RESOLVED:

- That members noted the External Audit Findings Report 2017/18.

13. STANDARDS COMPLAINTS & WHISTLEBLOWING UPDATES

13.1 As there were no items to report under Section E of the agenda, the Chair did not propose that the meeting move into private session and closed the meeting.

The meeting commenced at 6.30pm and finished at 7.35pm

Signed (Chair)

Date