

**MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE**

**Date of Meeting: 18<sup>th</sup> March 2014**

**PRESENT: Councillor Aldred (Chair)  
Councillors Evans, Knowles, Oakes and Procter**

**IN ATTENDANCE: Mrs J Crawford, Finance manager  
Ms K Murray, Director, Grant Thornton  
Mr S Hardman, Manager, Grant Thornton  
Mr Zaheer Abbas, Senior Auditor, Lancashire County  
Council  
Mr M Ali, Co-Opted Member  
Miss M Hargreaves, Committee and Member Services Officer**

**ALSO PRESENT: 2 members of the public**

---

---

**1. CHAIR'S INTRODUCTION**

1.1 The Chair welcomed everyone to the meeting.

**2. APOLOGIES FOR ABSENCE**

2.1 Apologies had been received from Councillor Pilling and Morris.

**3. MINUTES OF THE MEETING HELD ON 24<sup>TH</sup> SEPTEMBER 2013**

**Resolved:**

The minutes of the meeting held on 24<sup>th</sup> September 2013 were agreed as a correct record.

**4. URGENT ITEMS OF BUSINESS**

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

**5. DECLARATIONS OF INTEREST**

5.1 No declarations of interest were made.

**6. PUBLIC QUESTION TIME**

6.1 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. Members of the public were permitted to ask questions on items not on the agenda at this point in the meeting.

- 6.2 A member of public asked a question in relation to filming at Council Meetings and whether the 31<sup>st</sup> March 2014 was the agreed date for this to commence. It was noted that filming at Council Meetings had been taken to a previous full Council Meeting. It was agreed this point would be clarified and a response would be provided directly to Ms Freeman.

## **7. CHAIR'S UPDATE**

- 7.1 The Chair had no update for the committee.

## **8. INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> JANUARY 2014**

- 8.1 Mr Abbas from Lancashire County Council internal audit service introduced the report, which summarised the work undertaken up to the end of January. At appendix A of the report was the overview of the key findings identified and section 2 of the report highlighted the key issues and findings, it was noted that controls had been operating well, however there were some weaknesses and some improvements required.

It was noted that there were two findings within the treasury management review, the first in relation to one investment found which exceeded the maximum limit for investment for one institution, however this had been resolved, as reported to Cabinet in the Quarter 3 financial monitoring report, outlining that procedures had been put in place to avoid any future recurrence. The second finding was in relation to interest income received from banks and whether the calculations were being checked for accuracy. It was noted that no errors were found in the calculations, but that procedures had since been put in place to ensure these checks are performed as a matter of course in the future.

A review had also taken place of the Planning and Development Control including Section 106 monies and English Heritage funding arrangements. It was found the current arrangements and controls were effective however significant improvement was required in relation to Section 106 and English Heritage as the Section 106 monitoring arrangements had only recently been formalised in October 2013. It was noted that procedures were being put in place to identify when houses had been occupied which involved liaising with Council Tax. This would trigger when Section 106 monies would be due.

An ICT Health check was also undertaken and it was highlighted that two vulnerable wireless networks have since been removed. Subsequent re-testing had confirmed that the issue had been resolved.

The Committee asked questions and made comments of the report to the Senior Auditor and Finance Manager, which included the following:

- In relation to the Section 106 issues, were there any loss of income
- Whether houses had to be completed or occupied to claim Section 106 monies
- In relation to treasury management and the exceeded investment into one institute, what amount was exceeded and what was the limit
- Reassurance issues were being dealt with from report findings

The Senior Auditor and Finance Manager responded to the questions raised by members.

A member of public asked a question in relation to monies invested and borrowed and the relevant interest rates being received and paid. The Finance Manager responded to the question asked, highlighting the Council's current net under-borrowing position in relation to the capital financing requirement.

**Resolved:**

That the Internal Audit Progress Report to 31<sup>st</sup> January 2014 was noted.

**9. INTERNAL AUDIT RECOMMENDATION LOG**

- 9.1 Mr Abbas from LCC Internal Audit Service introduced the report which detailed the internal audit recommendations raised during 2011/12 but which remained outstanding from the follow up work during 2012/13. It was noted there were a few minor errors in section 2 of the report which were outlined and resolved. It was noted that of the 30 (not 28 as stated within the report) outstanding recommendations, 16 (not 14 as stated within the report) had either been determined or no longer deemed appropriate by management. Of the 14 outstanding, these would be incorporated into the future follow up work.

The Finance Manager confirmed that the 3 Accounts Receivable actions had been dealt with during March 2014 and the revised debt management policy had now been uploaded on to the website.

A member of the committee stated it would be a good idea to send reminders to those officers that have a deadline of 31/03/14.

The Co-opted member asked about the nature of the 9 confirmation orders in relation to Accounts Payable. It was clarified that in some cases the correct level of resource approval was happening outside the financial ordering system and confirmation orders would still be the best way of managing the financial monitoring position. However, it was acknowledged that some process improvements could be made in specific cases. The full review of the confirmation order process is to be undertaken by the Finance Manager following the 2013/14 final accounts closure and any changes implemented as required thereafter.

**Resolved:**

That the Internal Audit Recommendation Log was noted.

**10. PROTECTING THE PUBLIC PURSE 2013**

10.1 Mr Abbas from LCC Internal Audit Service introduced the report which provided an overview of the Protecting the Public Purse 2013 issued by the Audit Commission in November 2013. Within the report recommendations, it noted that all local government bodies should:

- Complete the checklist for Councillors and others responsible for governance
- Actively pursue potential frauds identified through their participation in the National Fraud Initiative

The checklist was noted at appendix A which had been initially completed by the Audit Manager with input from appropriate persons. The checklist showed that the council were compliant with most of the areas of best practice. In response to questions 4 and 17 a fraud risk assessment was currently being developed which would be used to direct counter fraud work as part of the 2013/14 and future audit plans.

The Co-opted member asked with regard to the National Fraud Initiative, was it possible to see what impact this could have on RBC.

A member of the committee asked for clarification which officers were consulted when completing the checklist. The Senior Auditor responded to this question.

Following delivery of the report, the committee made the following comments:

- Excellent self-assessment
- Reality check on fraud
- In relation to portfolio responsibility for fraud, this should be looked into, possibly incorporated into a current portfolio holder

**Resolved:**

That the report on Protecting the Public Purse 2013 be noted.

**11. ANNUAL AUDIT LETTER**

11.1 Ms Murray, Director from external auditors Grant Thornton, outlined the report which set out the findings from the 2012/13. It concluded the business from September Committee. As part of the Accountability Framework, the document was a public document through both RBC and Grant Thornton website.

**Resolved:**

That the Annual Audit Letter be noted.

**12. GRANT CERTIFICATION FINDINGS**

- 12.1 Mr Hardman, Manager, from external auditors Grant Thornton outlined the report which summarised the findings of the claims and returns submitted by Rossendale Borough Council. The report highlighted how well the council had done in relation to claims and returns on Housing and National Non-Domestic Rates (NNDR). It was noted that looking forward into 2013/14 it was unlikely that further work would be conducted on the NNDR and work would be concentrated on Housing Benefits.

**Resolved:**

That the report on Grant Certification Findings be noted.

**13. GRANT THORNTON – EXTERNAL AUDIT PROGRESS REPORT**

- 13.1 Mr Hardman, Manager, from external auditors Grant Thornton, outlined the report which was broken down into 2 sections, the first an indication of where Grant Thornton were up to in relation to issues and developments that may be relevant to RBC as a district council and secondly any issues emerging nationally.

With regard to the first section there was not much progress as Grant Thornton were now moving into their initial testing phase for the 2013/14 audit. In relation to the second section, there were a number of issues for which the auditors were raising questions to alert both members and officers. These questions would be reviewed as part of the upcoming audit and depending on the outcome, further reports would be brought back to a future committee.

It was noted there were some technical items, regarding pension and asset evaluations and discussions were already taking place in relation to these.

The Finance Manager gave a detailed explanation of the issues in relation to the valuation of assets and the proposed approach to adjusting the Council's 5-year revaluation rolling programme to ensure that the main types of assets were revalued at the same time and then enhancing the disclosure notes in the Statement of Accounts.

**Resolved:**

That the report be noted.

## **14. AUDIT COMMISSION FRAUD BRIEFING**

- 14.1 Ms Murray, Director from external auditors Grant Thornton, outlined the report which set out some of the key issues from the Audit Commission's fraud survey. The item also related to minute item 10.

It was noted that Rossendale's fraud figure was low, however this was not necessarily a good or bad figure as it depended on how each authority recorded fraud and how much resource was directed towards finding fraud.

The Finance Manager commented that Members should note the correlation of a lack of purchasing frauds with the notes on the Internal Audit Recommendations Log at item 9 above. This corroborates the officer comments against the Accounts Payable actions which reported that it has not been possible to develop a robust duplicate payments report, but that other compensating controls were in place instead.

The Committee asked questions and made comments of the report to the External Auditor and Finance Manager, which included the following:

- In relation to the reduction in fraud, if the council was getting better or putting people off
- Number of housing benefit fraud and cost per case

The External Auditor and Finance Manager responded to the questions asked by members.

### **Resolved:**

That the report be noted.

## **15. EXCLUSION OF PUBLIC AND PRESS**

### **Resolved:**

Members agreed that there was no requirement for exclusion of Public and Press for the remaining item as there were no new complaints to note and the complaints discussed from the previous meeting had been made public.

## **16. STANDARDS COMPLAINTS UPDATE**

- 16.1 The Chair informed the committee that no complaints had been made regarding standards matters.

### **Resolved:**

That the update was noted.

**The meeting commenced at 6.30pm and finished at 7.45pm**

\_\_\_\_\_  
**Signed (Chair)**

\_\_\_\_\_  
**Date**