

ACCOUNTS AND AUDIT COMMITTEE

23 NOVEMBER 2016

PRESENT

Councillor J. Coupe (in the Chair).

Councillors P. Lally (Vice-Chairman), J. Baugh, C. Boyes, B. Brotherton and T. Ross

In attendance

Interim Head of Financial Management
Audit and Assurance Manager
Democratic & Scrutiny Officer

(G. Bentley)
(M. Foster)
(C. Gaffey)

Also in attendance

H. Stevenson, Grant Thornton UK LLP

APOLOGIES

Apologies for absence were received from Councillors A. Mitchell

25. MINUTES

RESOLVED: That the Minutes of the meeting held on 29 September 2016, be approved as a correct record and signed by the Chairman.

26. TREASURY MANAGEMENT 2016-17 MID-YEAR PERFORMANCE REPORT

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer providing a summarised account of the Treasury Management activities and outturn for the first half of the 2016/17 financial year. It was agreed that Members would be provided with Treasury Management training before the next meeting scheduled for February 2017.

The report provided Members with an economic update, discussing the possible implications of Brexit and interest rates changes. Members were reminded of the upcoming pension fund transaction which should be completed in April 2017, and the Council's overachievement in investment activities mentioned in paragraph 5.4 was highlighted.

Members were given the opportunity to ask questions, and discussions took place around temporary investments and the savings associated with the pension investment transaction.

RESOLVED: That the report be noted.

27. ANNUAL AUDIT LETTER 2015/16

The Committee received the Council's Annual Audit Letter for the year ending 31 March 2016, summarising the key findings arising from the work of the External Auditor, Grant Thornton. The report highlighted the summary of reports issued and fees charged. It was noted that the certificate of closure was issued on 18 October 2016.

Members discussed the highways network assets and how these were valued.

RESOLVED: That the report be noted.

28. PROGRESS AND UPDATE REPORT FOR TRAFFORD COUNCIL

Members received a report of Grant Thornton UK LLP on the progress at November 2016 in delivering its responsibilities as the Authority's external auditor. The report also highlighted key emerging national issues and developments and a number of challenge questions in respect of the emerging issues.

Members were advised that there was no change to the planned scope of work, which would be the same for 2017/18. The Audit Plan would be brought to the Accounts & Audit Committee meeting scheduled for March 2017.

RESOLVED: That the report be noted.

29. OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITOR

The Committee received a report of the Chief Finance Officer detailing the options for the provision of external audit services from 2018/19. The appointment of the external auditor would need to be completed by 31 December 2017.

Members were advised of the options available. It was recommended that the Committee delegate to the Chairman of the Audit and Accounts Committee, under advice from the Chief Finance Officer, to agree the final recommendation to be made to Full Council before March 2017. From the options available, the current preferred option would be to establish a local joint procurement arrangement with the Greater Manchester Combined Authority, enabling the Council to benefit from economies of scale. It was noted that the Chief Finance Officer would provide the Committee with further updates at future meetings.

RESOLVED:

- 1) That the proposal for the establishment of a local joint procurement arrangement with GMCA and other neighbouring authorities for the provision of external audit services from 2017/18 be noted.
- 2) That the decision on the final recommendation made to Full Council before March 2017 be delegated to the Chair of the Audit and Accounts Committee, under advice from the Chief Finance Officer.

30. STRATEGIC RISK REGISTER - 2016/17 (OCTOBER 2016 UPDATE)

The Committee received a report of the Audit and Assurance manager providing an update on the strategic risk environment and setting out developments relating to the management of each of the Council's strategic risks. A further update would be provided at the meeting scheduled for March 2017.

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Members raised their concerns about the direction of travel for risk 2 in relation to Children's Services and requested that more information on this be made available. The Audit & Assurance Manager agreed to provide Members with the information requested and advised that Members' concerns would be relayed to the Children, Families and Wellbeing Directorate following the meeting.

Members also requested further information in relation to the One Trafford Partnership and its progress. The Democratic and Scrutiny Officer agreed to circulate information relating to an ongoing Scrutiny Committee task and finish group review of the Partnership and its progress to Committee Members following the meeting.

RESOLVED:

- 1) That the report be noted.
- 2) That The Audit and Assurance Manager provide Members with further information on risk 2.
- 3) That the Democratic and Scrutiny Officer provide Members with an update on the Scrutiny Committee review of the One Trafford Partnership.

31. FRAUD REPORTING: AWARENESS RAISING

The Committee received a report of the Audit and Assurance Manager providing an update on recent developments in respect of the use of the Council website to report fraud and plans to raise awareness of this. The Counter Fraud and Enforcement Team would receive these referrals and periodically report back to the Committee. Members suggested that a flier be included with upcoming council tax bills to help promote the new site.

Existing anti-fraud related policies and guidance documents would be updated accordingly and brought to the Committee in March 2017.

RESOLVED: That the report be noted.

32. AUDIT AND ASSURANCE REPORT FOR THE PERIOD JULY TO SEPTEMBER 2016

The Committee received a report of the Audit and Assurance Manager providing a summary of the work of Audit and Assurance during the period July to September 2016. The report also provided ongoing assurance to the Council on the adequacy of its control environment.

In respect of the final reports issued, 6 of the 7 reviews received a rating of at least 'adequate' (Medium or above), with one review rated as 'less than adequate' (Low/Medium opinion), which would be followed up later in 2016/17. The Council would continue to monitor the IT control issues previously raised by the external auditor, and a further Audit and Assurance report would be brought to the Committee at the end of the financial year.

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Members were reminded of the Information Commissioners Office Audit of the Council scheduled for January 2017.

RESOLVED: That the report be noted.

33. BUDGET MONITORING 2016/17 - PERIOD 6 (APRIL TO SEPTEMBER 2016)

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer informing Members of the current 2016/17 forecast outturn figures relating to both Revenue and Capital budgets. The report also summarised the latest forecast position for Council Tax and Business Rates within the Collection Fund.

Members were advised of the forecasted overspend of £214k, mostly relating to the significant in year pressures in social care. It was noted that this was a national trend and not unique to Trafford. The overspend would be mitigated through savings made in the Economic Growth, Environment and Infrastructure and Transformation and Resources budgets, mostly achieved through vacancy management. Members requested more information on these vacancies, which the Interim Head of Financial Management agreed to provide after the meeting.

The status and progress of projects were highlighted as part of the report. It was noted that 98 per cent of the budget was now spent, committed or programmed to start in the financial year.

RESOLVED: That the report be noted.

34. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2016/17

The Committee received a report of the Audit and Assurance Manager setting out the updated work plan for the Committee for the 2016/17 municipal year. It was noted that the treasury management training discussed in minute 26 would be reflected in the work programme.

RESOLVED: That the report be noted.

35. URGENT BUSINESS (IF ANY)

(a) Approval of Accounts

[The Chairman agreed to accept this item as a matter of urgent business to allow a timely update on the situation to Members]

Members were advised of the upcoming changes to the deadlines for the submitting and approval of accounts. For the accounts for the financial year 2017/18 and each year onwards, local authorities' accounts would need to be approved by 31 July, as opposed to the current deadline of 30 September. Members would still be provided with the required training, although this might

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occur after the audit stage. Members would be provided with a further update in due course.

(b) Autumn Statement

[The Chairman agreed to accept this item as a matter of urgent business to allow a timely update on the situation to Members]

Members were provided with a briefing following the autumn statement made earlier in the day. It was noted that the National Living Wage would be set to £7.50 an hour for 2017/18, which was lower than the amount previously quoted. There would be a harmonisation of National Insurance rates which would have minor adverse effects, and changes would be made to salary sacrifice scheme benefits. Members would be provided with more information when it became available.

The meeting commenced at 6.30 pm and finished at 7.30 pm