

## **ACCOUNTS AND AUDIT COMMITTEE**

**25 NOVEMBER 2015**

### **PRESENT**

Councillor D. Butt (Vice-Chairman) (in the Chair).

Councillors J. Baugh, C. Boyes, B. Brotherton, N. Evans and T. Ross

#### In attendance

Director of Finance	(I. Duncan)
Director of Procurement (STAR Shared Procurement)	(S. Robson)
Programme Assurance Lead / Director – Trafford Leisure	(P. Helsby)
Head of Legal Services	(H. Khan)
Audit and Assurance Manager	(M. Foster)
Principal Audit & Assurance Officer Team Leader	(H. Carnson)
Democratic & Scrutiny Officer	(C. Gaffey)

#### Also in attendance

M. Thomas, Grant Thornton UK LLP

H. Stevenson, Grant Thornton UK LLP

### **APOLOGIES**

Apologies for absence were received from Councillor A. Mitchell.

### **26. MINUTES**

RESOLVED: That the Minutes of the meeting held on 24 September 2015, be approved as a correct record and signed by the Chairman.

### **27. ANNUAL GOVERNANCE STATEMENT 2014/15 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE : LEISURE SERVICES**

The Committee received a report of the Programme Assurance Lead / Director – Trafford Leisure, providing an update on work undertaken to date, as well as further work planned in respect of Leisure Services within the Borough.

The report updated the Committee on the position of Trafford Leisure CIC Limited and their operation of Trafford's leisure services. The Board of Directors would be working to develop an asset strategy over the next two to three months, with its implementation aimed for January 2016. The Board were also in the process of developing a long term vision for the future of the company, with the aim of taking up a health and wellbeing style approach to the leisure centres as opposed to just sports.

Members discussed the operational risks involved with maintaining the buildings in question. It was noted that these risks had always been faced by the Council; the only difference was that the buildings' occupiers had changed.

RESOLVED: That the report be noted.

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**28. STAR SHARED PROCUREMENT SERVICE UPDATE**

The Committee received a presentation of the Director of Procurement (STAR Shared Procurement) providing an update on the STAR Shared Procurement Service.

The presentation detailed STAR's progress over the last year, highlighting some notable achievements and landmarks. These included the adoption of the harmonised Contract Procedure Rules, as well as the winning of the 'Connected Procurement' Award at the annual i-Network awards. The presentation also detailed STAR's aims for the future, including the launch of their website, as well as raising STAR's profile with the view to engage new clients and partners.

Members thanked the Director of Procurement (STAR Shared Procurement) for the presentation. Discussions were had about the likelihood of other authorities becoming involved with the service.

RESOLVED: That the presentation be noted.

**29. ANNUAL AUDIT LETTER 2014/15**

The Committee received the Council's Annual Audit Letter for the year ending 31 March 2015, 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.

RESOLVED: That the report be noted.

**30. ACCOUNTS AND AUDIT COMMITTEE PROGRESS REPORT AND EMERGING ISSUES AND DEVELOPMENTS FOR TRAFFORD COUNCIL (NOVEMBER 2015)**

Members received a report of Grant Thornton UK LLP on the progress at November 2015 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 raised their concerns regarding the current lack of knowledge and transparency about Devolution, and discussions were had regarding the 2% precept for social care and how this would affect the Council if it were adopted.

When considering the Membership of the Committee, it was noted that a balance was required to ensure a range of different skills and qualities were available, including finance experts. Members were also reminded of how the Committee self regulates using the Terms of Reference to ensure guidelines are met.

Mr Thomas confirmed that this would be his last Committee meeting as the Engagement Lead for Trafford. Going forward, a new Engagement Lead will be appointed for Trafford and will attend the Committee meetings from the New Year. The Chairman thanked Mr Thomas for his valued services to the Council and the Committee

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RESOLVED: That the report be noted.

**31. TREASURY MANAGEMENT MID-YEAR PERFORMANCE REPORT**

The Committee received a report of the Executive Member for Finance and the Director of Finance providing an update on the progress of the treasury management activities undertaken for the first half of 2015/16 in accordance with the CIPFA Code of Practice adopted by the Council.

The one notable change was the Council's investment of £5 million into the CCLA Property Fund. This was expected to generate a quick return as well as acting as a long term investment.

RESOLVED: That the report be noted.

**32. TREASURY MANAGEMENT STRATEGY - REVIEW OF THE MINIMUM REVENUE PROVISION**

The Committee received a report of The Executive Member for Finance and the Director of Finance. The report outlined the recent review undertaken of the Council's annual Minimum Revenue Provision (MRP) charge to the revenue budget in respect of capital expenditure financed by borrowing. The report detailed the proposal to amend the policy so that the charge was linked to the average life of an asset, worked out to be 50 years.

The external auditor agreed with the assessment and confirmed this was within the required guidelines.

RESOLVED: That the Accounts & Audit Committee recommend to Council, that with effect from 1 April 2015:

a) That the Council's MRP policy, paragraph (a) only, be amended to, "For capital expenditure incurred before 1 April 2008: MRP will be calculated on a straight line basis over the expected average useful life of the assets"; and

b) That the annual PFI lease charge be financed from the provision currently set-up to cover the final bullet payment, and that capital receipts be used to replenish this provision to ensure this can still be made in 2028/29.

**33. AUDIT AND ASSURANCE REPORT FOR THE PERIOD JULY TO SEPTEMBER 2015 (Q2)**

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 2015. The report also provided ongoing assurance to the Council on the adequacy of its control environment.

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Discussions were had regarding the Chancellor's statement on the possible removal of Local Authority presence within schools in relation to audits, and how this could free up resources.

Members discussed the recovery of funds from damaged street furniture. Issues arising from the audit of Sale Waterside Arts Centre were also discussed. The Audit and Assurance Manager confirmed that Springfield Primary School will be contacted in the next 6 to 12 months for a further update to review progress made in implementing recommendations.

RESOLVED: That the report be noted.

**34. REVENUE BUDGET MONITORING 2015/16 - PERIOD 6 (APRIL TO SEPTEMBER 2015)**

The Committee received a report of The Executive Member for Finance and the Director of Finance detailing the outcomes of the monitoring of the Council's revenue budget for period 6 (April to September 2015).

The Director of Finance highlighted the pressures in Children's Services, and reminded the Committee that the 2015/16 budget had delivered the biggest savings in the Council's history. Discussions were had regarding the announcement of a 4 per cent annual reduction in the public health budget.

RESOLVED: That the report be noted.

**35. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2015/16**

The Committee received a report of the Audit and Assurance Manager setting out the updated work plan for the Committee for the 2015/16 municipal year.

RESOLVED: That the report be noted.

The meeting commenced at 6.30 pm and finished at 8.05 pm