

ACCOUNTS AND AUDIT COMMITTEE

28 JUNE 2016

PRESENT

Councillor J. Coupe (in the Chair).

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

In attendance

Chief Finance Officer	(N. Bishop)
Director of Human Resources	(L. Hooley)
Interim Head of Financial Management	(G. Bentley)
Audit and Assurance Manager	(M. Foster)
Finance Manager	(D. Muggeridge)
Democratic & Scrutiny Officer	(C. Gaffey)

Also in attendance

M. Heap, Grant Thornton UK LLP

H. Stevenson, Grant Thornton UK LLP

APOLOGIES

Apologies for absence were received from Councillor J. Baugh

1. MINUTES

RESOLVED: That the Minutes of the meeting held on 22 March 2016, be approved as a correct record and signed by the Chairman.

2. MEMBERSHIP OF THE COMMITTEE 2016/17, INCLUDING CHAIRMAN, VICE-CHAIRMAN AND OPPOSITION SPOKESPERSON

RESOLVED: That the Membership of the Committee for the 2016/17 Municipal Year, as appointed at the Annual Meeting of the Council held on 25 May 2016 and set out below, be noted:

Councillors Baugh, Boyes, Brotherton, Coupe (Chairman), Lally (Vice-Chairman), Mitchell and Ross (Opposition Spokesperson).

3. TERMS OF REFERENCE

RESOLVED: That the Committee's Terms of Reference, as agreed at the Annual Meeting of the Council held on 25 May 2016, be noted.

4. STRATEGIC RISK UPDATE - LOSS / RETENTION OF SENIOR MANAGERS

The Committee received a report of the Director of Human Resources providing an update on initiatives and plans in place to mitigate the risk of loss and absence of senior management expertise and capacity to the Council. Members were advised that phase 3 of the Supporting Change to Happen Strategy was now underway.

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It was confirmed that the loss and retention of senior management staff would be monitored as an ongoing risk on the register and revisited during the year's work programme.

RESOLVED:

- 1) That the report be noted.
- 2) That a further update be provided to the Committee later in the municipal year.

5. PRE-AUDITED ACCOUNTS 2015/16

The Chief Finance Officer submitted the full pre-audited Statement of Accounts for the year ended 31 March 2016. The Committee also received the 2015/16 Revenue Budget Monitoring Outturn and Capital Investment Programme (CIP) Outturn reports which had been presented to the Executive on 20 June 2016.

The Chief Finance Officer highlighted the positive variation of £(5.5)m in the Revenue Outturn report for the year to 31 March 2016. The achievement of this planned underspend had allowed for the creation of a Budget Support Reserve to assist in smoothing the severe budget reductions expected to be faced in the years 2017/20.

Officers answered questions relating to the variance in the capital investment expenditure. The underspend mainly related to the Economic Growth, Environment and Infrastructure Directorate, caused by slippage on certain projects. Members were advised that there were a number of situations where the Council did not have total control on when the expenditure would be incurred, and the unspent part of the budget would carry over into the next financial year's CIP.

RESOLVED –

- (1) That the Committee notes the Accounts 2016, prior to submission to the external auditor and public inspection.
- (2) That the Revenue Budget Monitoring 2015/16 – Period 12 Outturn, and Capital Investment Programme 2015/16 Outturn, be noted.

6. DRAFT ANNUAL GOVERNANCE STATEMENT - 2015/16

The Committee received a report of the Audit and Assurance Manager setting out the Draft 2015/16 Annual Governance Statement (AGS). Members were advised that the preparation and publication of an Annual Governance Statement was necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2015.

As was the case in 2015, the Committee's sub group would consider the draft version before it was finalised, with the final document being presented to the Committee at the September 2016 meeting for approval.

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Members noted that the medium term financial position would need to be monitored as the recent vote for Brexit could have a significant impact.

RESOLVED:

- 1) That the Committee notes that its Sub group, given delegated responsibility to review the 2015/16 AGS, would consider the draft version.
- 2) That the final version of the Annual Governance Statement, signed off by the Chief Executive and Leader, would be presented for approval by the Accounts and Audit Committee in September 2016.

7. CORPORATE GOVERNANCE CODE (UPDATED JUNE 2016)

The Committee received a report of the Audit and Assurance Manager setting out updates to the Corporate Governance Code.

RESOLVED: That the report be noted.

8. TREASURY MANAGEMENT ANNUAL PERFORMANCE REPORT 2015/16

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer outlining the treasury management activities undertaken in 2015/16. The report was taken to the Executive on 20 June 2016, and would be taken to full Council on 27 July 2016.

Members discussed the Council's investment position and the possible implications of a downgrade in credit ratings. When asked how this might affect the Property Fund, the Chief Finance Officer reminded Members that this was a long term investment, and any short term fluctuations would not have a significant impact on the final return.

RESOLVED: That the Accounts & Audit Committee advise Council:

- 1) of the Treasury Management activities undertaken in 2015/16;
- 2) that no prudential limits were breached during 2015/16;
- 3) that there was full compliance with both the CIPFA Code of Practice on Treasury Management and CIPFA Prudential Code for Capital Finance.

9. INSURANCE PERFORMANCE REPORT 2015/16

The Committee received a report of the Chief Finance Officer providing a summary of insurance performance for 2015/16. The report detailed the current insurances held by the Council, as well as the provisions and reserves set against any possible claims. Members were assured that the Council had a robust claims handling procedure in place.

RESOLVED: That the report be noted.

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10. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2015/16

The Committee received a report of the Audit and Assurance Manager providing an opinion on the standard of internal controls and a summary of the work of the Audit and Assurance Service during 2015/16. Discussions surrounding the independent review of the service were still ongoing, and the Chairman and Vice-Chairman would be consulted on the matter over the coming weeks.

The Committee discussed the gradual reduction in staffing numbers over the past five years. Members were advised that although the numbers had decreased, work had also reduced in some areas, an example of this being the formation of a new team to handle information governance.

The Audit and Assurance Manager would continue to provide updates to the Committee throughout the year.

RESOLVED: That the report be noted.

11. ACCOUNTS AND AUDIT COMMITTEE PROGRESS AND UPDATE REPORT

The Committee received a report from Grant Thornton UK LLP on the progress at June 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 the final accounts audit for the year end 31 March 2016 would be brought to the meeting scheduled for September 2016, along with the conclusion of the Value for Money audit work.

RESOLVED: That the report be noted.

12. ACCOUNTS AND AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL 2015/16

The Committee considered the Accounts and Audit Committee Annual Report for 2015/16 prepared by the 2015/16 Chairman and Vice-Chairman for submission to the Council. The Committee thanked Cllr Mitchel for his work as Chairman in the previous municipal year.

RESOLVED: That the 2015/16 Annual Report of the Accounts and Audit Committee be noted and presented to the Council for information.

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

The Committee received a report of the Audit and Assurance Manager setting out the proposed work plan for the Committee for the 2016/17 municipal year, outlining the areas to be considered by the Committee at each of its meetings over the period of the year. The work plan would help to ensure that the Committee met its responsibilities under its Terms of Reference and maintained focus on key issues and priorities, as defined by the Committee.

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The work programme would be flexible, and Members were advised to contact the Chairman or the Audit and Assurance manager to request any additions or changes.

RESOLVED: That the 2016/17 work programme be approved.

The meeting commenced at 6.30 pm and finished at 7.50 pm