

## **ACCOUNTS AND AUDIT COMMITTEE**

**29 SEPTEMBER 2016**

### **PRESENT**

Councillor J. Coupe (in the Chair).

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

#### In attendance

Director of Legal and Democratic Services	(J. Le Fevre)
Interim Head of Financial Management	(G. Bentley)
Audit and Assurance Manager	(M. Foster)
Counter Fraud & Enforcement Manager	(D. Wright)
Finance Manager	(D. Muggeridge)
Democratic & Scrutiny Officer	(C. Gaffey)

#### Also in attendance

H. Stevenson, Grant Thornton UK LLP

### **APOLOGIES**

Apologies for absence were received from Councillors J. Baugh and B. Brotherton.

### **14. MINUTES**

RESOLVED: That the Minutes of the meeting held on 28 June 2016, be approved as a correct record and signed by the Chairman.

### **15. FRAUD INVESTIGATION SERVICE (FIS) & COUNTER FRAUD & ENFORCEMENT TEAM (CFT) : 2015/16 ANNUAL REPORT**

The Committee received a report of the Counter Fraud & Enforcement Manager outlining the Councils' fraud prevention and detection performance and activities in 2015/16, as well as outlining the team's plans for 2016/17. A correction to the report was noted: the 2015/16 actual performance figure for the level of benefit fraud overpayments identified in Table 1 on page 9 of the agenda was in fact £1.17 million, and not £1.17 thousand.

Members were reminded of the new structure in place following the Department for Work and Pensions' (DWP) decision to bring their fraud investigations in house. A new team had been formed by the Council to investigate non DWP related fraud. The results of the 2015/16 anti-fraud performance confirmed that an anti-fraud presence was still required even though DWP matters were no longer investigated by the Local Authority.

Members discussed the scope for income generation from selling the team's service to other Local Authorities. Members also discussed the team's long term sustainability, and it was noted that income was currently up from the previous year. Discussions were ongoing on possibly expanding the team in the coming months.

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Members thanked the anti-fraud team for their work and looked forward to a future update.

RESOLVED: That the report be noted.

**16. AUDIT FINDINGS REPORT 2015/16**

The Committee received a report of Trafford's External Auditor, Grant Thornton LLP, highlighting the key matters arising from their audit of Trafford Council's financial statements for the year ending 31 March 2016.

The report highlighted audit findings against significant risks, accounting policies, estimates and judgements, internal controls, misclassifications and disclosure changes. It was anticipated that an unqualified opinion in respect of the financial statements would be provided by 30 September, 2016.

The external auditor assessed the accounts as being prepared to a good standard and no adjustments had been made regarding the financial position. The Committee discussed the recommendation to improve IT controls, and the Audit and Assurance Manager confirmed that follow up work would be undertaken to ensure any recommended changes remained embedded. The audit fees were brought to the Committee's attention.

RESOLVED: That the report be noted.

**17. ANNUAL GOVERNANCE STATEMENT 2015/16**

The Committee received a report of the Audit and Assurance Manager detailing the 2015/16 Annual Governance Statement. No further changes had been made since the draft version was presented to the Committee in June 2016, and it had now been signed off by the Chief Executive and Leader of the Council as per the statutory requirements. Follow up work on items listed in the report would be undertaken during the municipal year.

RESOLVED: That the 2015/16 Annual Governance Statement be approved by the Committee.

**18. APPROVAL OF ANNUAL STATEMENT OF ACCOUNTS 2015/16**

The Committee received a report of the Chief Finance Officer providing the redrafted Final Accounts for 2015/16, accommodating changes agreed with the Council's external auditor, Grant Thornton. It was noted that Grant Thornton had reviewed the accounts and no major changes had been made, and Members were requested to review and approve the final accounts.

An approved letter of representation signed by the Interim Head of Finance was presented and its contents were noted by the Committee.

RESOLVED: That the Final Accounts for 2015/16 be approved by the Committee.

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**19. PRESENTATION ON BUSINESS RATES**

The Committee received a presentation of the Chief Finance Officer, presented by the Interim Head of Financial Management, providing an update on business rates retention.

Members were advised of the government's commitment to delivering 100% business rates retention for local authorities by the end of the current Parliament. It was noted that the move would be fiscally neutral and so new responsibilities would be moved to Councils to absorb the extra retained business rates. The challenge would be to ensure that these new responsibilities complemented the work already being done by the Council.

It was confirmed that Trafford, as part of Greater Manchester, would be part of a 100% business rate retention pilot scheme beginning in April 2017. It was noted that the Department for Communities and Local Government had guaranteed "no detriment" to pilot scheme members at both district and GM level.

Members asked what effect a changing workforce might have on the retention of business rates with the possible rise of people working from home, which in turn could lower the business rate yield. The Interim Head of Financial Management advised he would look into this and get back to the Committee.

RESOLVED: That the presentation be noted.

**20. AUDIT AND ASSURANCE REPORT FOR THE PERIOD APRIL TO JUNE 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 April to June 2016. The report also provided ongoing assurance to the Council on the adequacy of its control environment.

The overall findings of the report were positive and it was noted that all recommendations that were made during the quarter were accepted. Follow up work on these recommendations would continue, with further reports to be presented to the Committee in future. It was also noted that the results of client satisfaction surveys would be brought to the next Committee meeting. Finally, the decision had been made that CIPFA would undertake the external assessment of the internal audit function, required as part of the Public Sector Internal Audit Standards.

RESOLVED: That the report be noted.

**21. REVENUE BUDGET MONITORING 2016/17 - PERIOD 4 (APRIL TO JULY 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. The projected underspend of £159k was noted, however the overspend for Children, Families and Wellbeing remained a concern.

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RESOLVED: That the report be noted.

**22. 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. The one addition to the programme would be a report of the Chief Finance Officer on recruiting external auditors in the 2018/19 municipal year. This item would be brought to the meeting scheduled for 23 November 2016.

RESOLVED:

- 1) That the report be noted.
- 2) That a report on recruiting external auditors in 2018/19 be added to the 23 November 2016 meeting agenda.

**23. EXCLUSION RESOLUTION**

RESOLVED: That the public be excluded from this meeting during consideration of the remaining item of business because of the likelihood of disclosure of "exempt information" which falls within Paragraph 7 of schedule 12A of the Local Government Act 1972, as amended.

**24. OFFICE OF SURVEILLANCE COMMISSIONERS - OUTCOME OF INSPECTION 2016**

The Committee received a report of the Director of Legal and Democratic Services updating Members on the outcome of the inspection carried out by the Office of Surveillance Commissioners (OSC). The report also set out the recommendations made by the OSC and the proposed actions the Council would take in implementing them.

Members discussed the findings of the report and the Council's use of surveillance, as well as the formal recommendations made surrounding guidance and CCTV.

RESOLVED: That the report be noted.

The meeting commenced at 6.30 pm and finished at 7.40 pm