

ACCOUNTS AND AUDIT COMMITTEE

7 FEBRUARY 2017

PRESENT

Councillor J. Coupe (in the Chair) (in attendance for minutes 36 to 38).
Councillors P. Lally (Vice-Chairman) (in the Chair for minutes 39 to 44), J. Baugh, B. Brotherton and T. Ross.

In attendance

Chief Finance Officer	(N. Bishop)
Interim Head of Financial Management	(G. Bentley)
Audit and Assurance Manager	(M. Foster)
Senior Business Change Manager	(S. Winn)
Transformation Programme Manager	(S. Maynard)
Democratic & Scrutiny Officer	(C. Gaffey)

Also in attendance

M. Heap, Grant Thornton UK LLP (for minutes 36 to 42)
H. Stevenson, Grant Thornton UK LLP (for minutes 36 to 42)

APOLOGIES

Apologies for absence were received from Councillors C. Boyes and A. Mitchell

36. MINUTES

RESOLVED: That the Minutes of the meeting held on 23 November 2016, be approved as a correct record and signed by the Chairman.

37. ANNUAL GOVERNANCE STATEMENT 2015/16 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE : RESHAPING TRAFFORD

The Committee received a report of the Corporate Director, Transformation and Resources providing an update on the significant governance issue: Reshaping Trafford, which was raised as part of the 2015/16 Annual Governance Statement.

Members were advised of the revised governance arrangements now in place to support the programme delivery. The report updated Members on the current position in relation to integration, as well as the Greater Manchester Shared Service, which should formally 'go-live' in March 2017 following its soft launch in December 2016.

A 'Reshaping Children and Families Programme' was being developed in an attempt to manage the increasing demand of Looked After Children (LAC). Members would be provided with more detailed information on the programme as it progressed.

When asked how Members could be better informed about the Youth Trust and their ongoing relationship with the Council, Officers agreed to circulate a written response providing this information following the meeting.

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RESOLVED: That the report be noted.

38. TREASURY MANAGEMENT STRATEGY 2017/18 - 2019/20

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer outlining: the strategy to be followed during this period for investments and borrowing; the outlook for interest rates; the management of associated risks; the policy to be adopted on Minimum Revenue Provision (MRP); and Prudential Indicators.

The Committee thanked the Finance Team for the excellent presentation and training they received on Treasury Management in the week previous to the meeting.

A document advising the Committee of amendments to figures in section 3.2 and Appendix 3 of the report was tabled. The Democratic and Scrutiny Officer agreed to publish these amendments on the Council website following the meeting, and it was noted that the report presented at the upcoming Budget Executive meeting on 22 February would include these amended figures.

RESOLVED: That the Accounts & Audit Committee, taking into account the tabled amendments, recommend to Council for approval, the:

- i) policy on debt strategy as set out in section 3;
- ii) investment strategy as set out in section 5;
- iii) Prudential Indicators and limits including the Authorised Limit (as required by section 3(1) of the Local Government Act 2003), Operational Boundary, Minimum Revenue Provision Statement and Investment criteria as detailed in Appendix 3.

39. ANNUAL GOVERNANCE STATEMENT 2016/17 - APPROACH / TIMETABLE

The Committee received a report of the Audit and Assurance Manager setting out the action plan / timetable to ensure compliance with the production of an Annual Governance Statement for 2016/17.

There were no significant changes to the process followed in previous years; however it was noted that Legal & Democratic Services would be responsible for the production of the Statement from 2017/18. It was also noted that the Statement would need to be produced earlier in the year to remain in alignment with the producing of the accounts, which as of next year had to be submitted by the end of July as opposed to September.

RESOLVED:

- i) That the timetable / action plan be noted.

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- ii) That the Committee will review a draft version of the Annual Governance Statement prior to it being finalised and signed off by the Chief Executive and Leader.

40. ACCOUNTS AND AUDIT COMMITTEE PROGRESS REPORT AND UPDATE (JANUARY 2017)

The Committee received a report of Grant Thornton UK LLP on the progress at January 2017 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.

The scale fee set by the Audit Commission for the certification of the Council's 2015/16 housing benefit claim was noted.

RESOLVED: That the report be noted.

41. AUDIT AND ASSURANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 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 October to December 2016. The report also provided ongoing assurance to the Council on the adequacy of its control environment.

The report included information on the 15 opinion reports delivered during the period and set out the planned work for quarter 4. Discussions aimed at scheduling a visit to Barton Clough Primary School in the coming weeks were ongoing.

RESOLVED: That the report be noted.

42. BUDGET MONITORING 2016/17 - PERIOD 8 (APRIL TO NOVEMBER 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 significant pressures on the Children, Families and Wellbeing (CFW) budget were discussed, with the rise in demand for secure child placements the main contributing factor. It was noted that due to many of the services being demand led, CFW had a contingency budget in place which was released throughout the year as and when this was required. The Chief Finance Officer confirmed that additional funding would be allocated to the Children's Services budget going forward.

Children's Services were taking steps to address the ongoing issues, and a new campaign to recruit new foster carers had recently been launched. Members

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requested information on whether the recruitment drive had been successful when this data became available. Members also questioned the funding currently received from Government to assist the supporting of asylum seekers in the borough, as the amount currently being provided was considerably less than the cost incurred by the Local Authority.

The Committee discussed the new business rates formula and how this would affect Trafford businesses. Both rises and reductions in rates would be phased in, and the Council would be writing to everyone they think might be affected by these changes.

RESOLVED: That the report and the changes to the Capital Programme as detailed in paragraph 19, be noted.

43. OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITOR - RECOMMENDED ACTION

The Committee received a report of the Chief Finance Officer providing an update on the position regarding the appointment of external auditors from the audit year 2018/19.

Initial discussions had favoured 'option 2: a local joint procurement arrangement', however this view had changed following advice received since the last Accounts and Audit Committee meeting. Certain conflict of interest issues meant that the appointing of an auditor to work for several authorities could prove difficult.

The Chief Finance officer now recommended that 'option3: opt-in to a sector led body' be pursued. Following discussions between GM Treasurers and the Public Sector Audit Appointments Limited (PSAA), it had been agreed that Social Value would be included as a specific measure within the tender process (although the Treasurers had hoped for this to have a higher weighting).

RESOLVED: That the Accounts and Audit Committee recommends to Council that the future process for appointing the external auditor, to be completed by December 2017, is undertaken via the use of the Sector Led Body, Public Sector Audit Appointments Limited (PSAA).

44. 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 STAR item expected at the next meeting would be rescheduled for a future meeting.

RESOLVED: That the report be noted.

The meeting commenced at 6.30 pm and finished at 7.45 pm