

Minutes of Accounts & Audit Committee

Meeting Date: Wednesday, 26 July 2017 starting at 6.30pm
Present: Councillor S Hirst (Chairman)

Councillors:

P Ainsworth	S Hind
I Brown	G Mirfin
P Dowson	R Newmark
L Graves	R Sherras
R Newmark	R Thompson

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Caroline Stead and Amelia Payton (Grant Thornton).

145 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors B Hilton and A Knox.

146 MINUTES

The minutes of the meeting held on 29 March 2017 were approved as a correct record and signed by the Chairman.

147 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of pecuniary and non-pecuniary interest.

148 PUBLIC PARTICIPATION

There was no public participation.

149 LOCAL CODE OF GOVERNANCE

The Director of Resources asked Committee to consider the revised Local Code of Corporate Governance. The Code is a public statement that sets out the way the Council will meet its commitments to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements and applies to all Members, officers, partners and stakeholders in their dealings with the Council. The Council was not required to include the Local Code in the Constitution; however it would be published separately on the Council's website. The Council must conduct a review at least once a year of the Code which was attached for Committee's information. The Code is developed based upon the requirements and guidance received from CIPFA and includes 7 core principles that the Director of Resources highlighted.

RESOLVED: That Committee approve the Local Code of Corporate Governance as outlined in the report.

150 ANNUAL GOVERNANCE STATEMENT FOR 2016/2017

The Director of Resources sought Committee's approval of the Annual Governance Statement 2016/2017. Under the Accounts and Audit (England) Regulations 2015 the Council is required to ensure that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The Council must conduct a review at least once a year of the effectiveness of its system of internal control; following the review this Committee must approve an annual governance statement which must accompany the Statement of Accounts and be prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement was attached as an annex to the report and had been developed based upon the requirements and guidance received from CIPFA. There were no significant governance issues to report and no actions required for 2017/2018.

RESOLVED: That Committee approve the attached Annual Governance Statement for 2016/2017.

151 THE AUDIT FINDINGS

Caroline Stead submitted a report on behalf of Grant Thornton which outlined the audit findings and key matters arising from the audit of the Council's financial statements for the year ended 31 March 2017. She informed Committee that Grant Thornton anticipated providing an unqualified opinion on the financial statements and there were no significant issues and just a small number of amendments which did not affect the Council's reported financial position. The key messages arising from the audit of the Council's financial statements were:

- the accounts and supporting working papers prepared were of a high quality
- there were no amendments required to the accounts as a result of the audit

The report outlined details of misclassifications and disclosure changes identified during the audit which had been made to the final set of financial statements.

With regard to the Value for Money conclusion, based on the work performed to address the significant risks, Grant Thornton concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

Caroline Stead requested that their thanks to the staff in the resources department be formally noted.

RESOLVED: The Chairman thanked Grant Thornton for this report and also conveyed thanks to the Director of Resources and her financial team.

152 LETTER OF REPRESENTATION

The Director of Resources submitted a report which included the Letter of Representation that Grant Thornton had required to be signed before they could sign off the accounts. This letter sets out assurances from the Council to Grant Thornton that relevant accounting standards had been complied with and gave further assurances that the Council had disclosed information where to withhold it would undermine the accuracy and reliability of the Statement of Accounts.

RESOLVED: That Committee approve the Director of Resources signing the Letter of Representation for 2016/2017 on behalf of the Council.

153 APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2016/2017

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts 2016/2017 following the completion of the audit.

The Head of Financial Services reminded Committee that the 2017/2018 financial year would be the first where we were required to meet the new deadlines for release of our Statement of Accounts for external audit by 31 May and approval following audit by 31 July. This same deadline had been undertaken a year earlier and we had successfully published our Statement of Accounts subject to audit for 2016/2017 on the website on 1 June.

The Head of Financial Services reported that this year the main areas from the code that had impacted on the Council had been:

- Presentation of the financial statements – new formats and reporting requirements for the comprehensive income and expenditure statement and the movement in reserve statement, together with the introduction of the new expenditure and funding analysis as a result of the *Telling the Story* review of the presentation of local authority financial statements.
- Amendments to reflect the new requirements in the Accounts and Audit Regulations 2015 for English authorities for a Narrative Report.
- Additions to the definition of a related party in relation to Related Party Disclosures to reflect the changes to IAS 24 *Related Party Disclosures* in relation to key management personnel.

The Head of Financial Services reported that he was pleased that only a few amendments had been required and these changes had no impact on the overall position as previously prepared in the Statement of Accounts (subject to audit). The key changes made could be summarised as follows:

- Following publication of the accounts, we identified the element of note 26 relating to staff paid more than £50,000 in bandings had been incorrectly reproduced in the accounts. This was brought to the attention of Grant Thornton and had been corrected.

- The amounts relating to Council Tax for “transfers to General Fund – Council Tax benefits” of £21,000 and “Provision for bad/doubtful debts” of £64,000 had been transposed. These had now been corrected on the face of the Collection Fund and had no overall impact.

The report went on to outline the general fund outturn position for 2016/2017 along with the general fund balances, earmarked reserves, business rates, collection fund and balance sheet.

The final outturn of a surplus of £38,000 means that we had added £46,000 more to general fund balances than was estimated when the revised estimates were prepared. There had also been £356,000 more (revenue only) added to earmarked reserves than forecast at revised estimate, which was largely due to accounting treatment requirement for grants received but yet to be spent.

RESOLVED: That Committee approve the Audited Statement of Accounts 2016/2017.

154 RISK MANAGEMENT POLICY REVIEW

The Director of Resources submitted a report asking Members to consider the approval of the updated and revised Risk Management Policy. There had been slight changes to the policy that were to reflect updated regulations and procedures.

RESOLVED: That Committee note the amendments to the Risk Management Policy and approve the reviewed risk management policy as outlined in the report.

155 RESPONSE TO GLOBAL CYBER ATTACK – MAY 2017 (WANNACRY)

The Director of Resources submitted a report informing Members of the Council's response to the global cyberattack that occurred during May 2017. The report explained how Ribble Valley's ICT infrastructure is protected and how it was protected from the WannaCry cyber-attack.

Although the Council was not directly affected by the WannaCry cyberattack, it was impacted only by the timely precautionary measures taken by the ICT team. It was inevitable that there would be future cyberattacks which would become more sophisticated and harder to deal with. Good practice, user training and the introduction of new technologies would help to ensure that systems are kept secure in the future.

RESOLVED: That the report be noted.

156 INTERNAL AUDIT ANNUAL REPORT 2016/2017

The Director of Resources submitted a report informing Committee of the internal audit annual report 2016/2017. All new audit reports produced during the year had been taken into account in informing the assurance opinion. Details were given along with the assurance levels of the audits that had taken place and the

opinion based on this work was that the Council's systems of internal control were generally sound and effective.

RESOLVED: That the report be noted.

157 INTERNAL AUDIT PROGRESS REPORT 2017/2018

The Director of Resources submitted a report for Committee's information on the internal audit progress to date for 2017/2018. The report included the full internal audit plan for 2017/2018 for Committee's information.

The first couple months of the year had been spent completing audits on fees and charges, Members' allowances, car parking and grants as well as assurance work around corporate governance. The progress to date with the 2017/2018 Audit Plan was satisfactory.

RESOLVED: That the report be noted.

158 PLANNED AUDIT FEE FOR 2017/2018

The Planned Audit Fee letter for 2017/2018 from Grant Thornton was included for Committee's information.

RESOLVED: That the report be noted.

159 2016/2017 YEAR END PERFORMANCE INFORMATION

The Director of Resources submitted a report for Committee's information for the year end 2016/2017 detailing performance against our local performance indicators.

RESOLVED: That the report be noted.

160 THE ROLE OF INDEPENDENT PERSONS

The Chief Executive submitted a report informing Councillors about the role of the Independent Persons. This had been requested as the composition of the Committee had changed since the Localism Act 2011 came into effect and since the provisions were put in place with regard to Independent persons. Having followed the required recruitment procedure, the Council appointed two Independent Persons in July 2012 and their appointments had been reaffirmed by Committee on 29 March 2017.

The Head of Legal and Democratic Services reported that there was some training planned to update Councillors on the standards regime.

RESOLVED: That the report be noted.

The meeting closed at 7.25pm.

If you have any queries on these minutes please contact Jane Pearson (425111).