

Minutes of Accounts & Audit Committee

Meeting Date: Wednesday, 24 July 2019, starting at 6.00pm
Present: Councillor R Bennett (Chairman)

Councillors:

I Brown	M Hindle (6.10pm)
B Buller	R Newmark
L Edge	D Peat
S Fletcher	R Sherras
J Hill	

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Sophia Iqbal – Engagement Manager (Grant Thornton) and B Dearing – Independent Person.

Also in attendance: Councillors J Alcock, A Austin, D Berryman, S Bibby, A Brown, J Clark, A Knox, G Mirfin, S O'Rourke, R Thompson, N Walsh.

135 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillor A Humphreys.

136 MINUTES

The minutes of the meeting held on 10 April 2019 were approved as a correct record and signed by the Chairman.

137 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

In relation to Agenda item 14, Councillor D Peat declared that he was Chair of the Conservative Association.

138 PUBLIC PARTICIPATION

There was no public participation.

139 BRIEFING ON THE WORK OF ACCOUNTS AND AUDIT COMMITTEE

The Director of Resources circulated the Terms of Reference for this Committee and also a guide produced by CIPFA – Practical Guidance for Audit Committees 2018.

She informed Members that this Committee was created in June 2006 when it was first recognised that there was an important role for Audit Committees in Councils.

She explained that Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of an Audit Committee is to provide to those charged with governance independent assurance on the adequacy of our risk management framework, our internal control environment and the integrity of our financial reporting and annual governance process.

She added that it is important that there is a strong chairmanship which is independent of both the executive and the scrutiny functions (in our case this would include the Leader and Deputy Leader and other Committee Chairman). It is important that the Audit Committee is stand-alone and reports to Full Council.

The Head of Legal and Democratic Services gave a brief resume of how standards and governance came to be under this Committee's Terms of Reference following the Localism Act in 2011.

Sophia Iqbal, the Engagement Manager from Grant Thornton, introduced herself and informed Members of the types of report she submits to this Committee.

140

LOCAL CODE OF CORPORATE 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 demonstrate that it has necessary corporate governance arrangements in place to perform effectively.

The Local Code of Corporate Governance is reviewed and approved annually by this Committee and is the Council's forward-looking statement of how the governance culture of the organisation will be driven. Within the framework there are 7 core principles that look to steer the application of good governance in everything that Members and staff undertake by highlighting how their work on behalf of the Council will be approached.

There were no further changes to the Local Code of Corporate Governance that was currently in place at this time.

Committee considered the Code and it was highlighted that staff training was imperative as well as succession planning.

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

141

ANNUAL GOVERNANCE STATEMENT FOR 2018/19

The Director of Resources sought Committee's approval of the Annual Governance Statement 2018/19. All Councils are required to prepare an Annual Governance Statement each year in accordance with the "Delivering Good Governance in Local Government Framework" and to publish the extent to which they comply with their own Local Code of Corporate Governance. This includes how we have monitored the effectiveness of our governance arrangements in the previous financial year and detailed any planned changes in the coming year.

A detailed exercise had been undertaken in the annual review of the Council's governance arrangements which reflects on the Council's Code of Corporate Governance and how it actually performed. In reviewing how the Council and its

staff and Members have acted over the period of review, evidence is also gathered to support the conclusion reached.

There were a number of actions recommended in the 2017/18 Annual Governance Review and progress with these was detailed in the report with regard to:

- Peer Challenge review;
- Refuse vehicle maintenance costs; and
- Communications Strategy.

A number of actions were also reported as part of the 2018/19 Annual Governance Review, some of which were to continue from the previous year.

It was recognised that progress had been made with the Peer Challenge review but that the outstanding recommendations needed to be addressed. This would be done and an update report would be taken to Policy and Finance Committee.

With regard to refuse vehicle maintenance costs, an improvement had been made on past years and work continued to review the associated budgets. A Communications Strategy had been formulated and Policy and Finance Committee had approved the document.

A new issue to be addressed in light of the considerable disruption to Council business over the last 18 months was a review of the Members' Code of Conduct and the process for dealing with complaints.

The Annual Governance Statement had been reviewed and considered by the Council's Corporate Management Team and would be monitored during the year and also reviewed at the time of next year's Annual Review. The Annual Governance Statement would be published alongside the Council's Statement of Accounts and was currently on the Council's website in draft form which would be updated once approved.

A request was made that the progress on the Peer Challenge review be reported differently so that it was easier to follow.

RESOLVED: That Committee approve the Annual Governance Statement 2018/19 as outlined in the report.

142 AUDIT FINDINGS REPORT

Sophia Iqbal 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 ending 31 March 2019.

She informed Committee that Grant Thornton anticipated providing an unqualified opinion on the financial statements and that there were no significant issues to be brought to Committee's attention.

The key message arising from the audit of the Council's financial statements was that there were appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

She reported that as auditors, they were required to obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern. With regard to this she reported that there was no anticipated impact on their audit opinion and their proposed opinion would remain unmodified in respect of going concern.

The report went on to outline significant audit risks that were not specific to Ribble Valley as well as significant audit risks that were specific to Ribble Valley that had not identified any issues.

The report went on to raise a new issue that had been identified at the time of the audit with regard to the potential impact of the McCloud judgement on the pension liability.

Whilst Grant Thornton were of the view that there were indications that a liability was probable, they were satisfied that there was not a risk of material error as a result of this issue and were in agreement with management's view that the impact of the ruling was not material for Ribble Valley Borough Council and that it would be considered for future years' actual valuations.

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 appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

RESOLVED: The Chairman thanked Grant Thornton for this report.

143 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. The 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. The letter had been slightly amended to include a paragraph regarding the McCloud judgement regarding pension liabilities.

RESOLVED: That Committee approve the Director of Resources signing the Letter of Representation for 2018/19 on behalf of the Council as circulated at the meeting.

144 APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2018/19

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts for 2018/19 following completion of the audit.

The Head of Financial Services reminded Committee of Members' role in approval of the Statement of Accounts following the conclusion of the audit that was to demonstrate their ownership of the statements, their confidence in the

Director of Resources and the process by which accounting records are maintained and the statements prepared.

This year the main areas from the Code that had impacted on the Council had been:

- IFRS9 financial instruments – this had replaced the IAS39 financial instruments: recognition and measurement. The changes made on transition had no impact on the balance sheet values;
- IFRS15 revenue from contracts with customers – this standard introduced new methodology for determining when income from providing goods and services was to be recognised in the comprehensive income and expenditure statement. This had had no impact on the financial statements.

The Head of Financial Services went on to outline the general fund outturn position for 2018/19, along with the general fund balances, earmarked reserves, business rates, collection fund and balance sheet. He again highlighted that for this Council by being part of the Lancashire Business Rates Pool in 2018/19 had been able to retain a net levy of £653,088 for this Council.

He briefly appraised Members of the McCloud ruling with regard to the Local Government Pension Scheme, explaining the lateness of this ruling and that no adjustments had been made to the accounts in this respect following discussion with Grant Thornton due to materiality.

The final outturn of a deficit of £62,000 means that we have taken £8,000 more from general fund balances than was estimated when the revised estimates were prepared. The final position showed that the Council had added £1,527,417 to earmarked reserves for revenue purposes. For capital purposes £802,772 had been used to fund the capital programme; that meant the overall net movement was £724,645 added to earmarked reserves. The Head of Financial Services made several references to the pages in the Statement of Accounts so that Committee understood how it was presented.

Councillor Berryman was given permission to speak on this item and asked questions with regard to the disabled facilities grants and a replacement vehicle under the capital programme slippage.

The Chairman thanked the Head of Financial Services and his staff for all their hard work in achieving the closedown of the accounts.

RESOLVED: That Committee approved the audited Statement of Accounts.

145 AUDITOR APPOINTMENT – HOUSING BENEFIT ASSURANCE PROCESS

The Director of Resources submitted a report informing Members of the appointment of Grant Thornton as the Council's auditors for the housing benefit assurance process. A fee had been accepted as detailed based on Grant Thornton undertaking what is known as the discovery testing. The Council are required to appointment their own auditor and Grant Thornton had been

appointed at a rate of £5,145 plus a day rate of £860 for all additional work required.

RESOLVED: That the report be noted.

146 INTERNAL AUDIT PROGRESS REPORT 2019/20

The Director of Resources submitted a report for Committee's information on the internal audit progress to date for 2019/20. The report included the full Internal Audit Plan for 2019/20 for Committee's information.

The progress to date with the 2019/20 Audit Plan gave full assurances on the work completed.

RESOLVED: That the report be noted.

147 PLANNED AUDIT FEE 2019/20

The planned audit fee letter for 2019/20 from Grant Thornton was included for Committee's information.

RESOLVED: That the report be noted.

148 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That by virtue of the following item of business being exempt information under Part 1 of Categories 1, 2 and 5 of Schedule 12A of the Local Government Act 1972 the press and public be now excluded from the meeting.

149 COMPLAINT RELATING TO A BREACH OF THE COUNCIL'S CODE OF CONDUCT

The Chief Executive submitted a report asking Committee to consider how to deal with a complaint relating to a breach of the Council's Code of Conduct. This was a complaint submitted in November 2017 and had reached the hearing stage.

In May 2019 the subject Member had ceased to be a Ribble Valley Borough Councillor.

The complaint had been investigated and referred to a Sub-Committee of the Accounts and Audit Committee on two occasions, a hearing had been arranged but had been cancelled in March 2019.

Advice received had confirmed that the Council's jurisdiction to deal with the case did not automatically end when the term of office of the Subject Member ended but that the Council must decide how to proceed in the public interest taking into account such factors as resource implications, the sanctions available, particularly now the Subject Member was no longer a Councillor.

Committee discussed the issue in some detail including the implications for both the Complainant and the Subject Member and the wider issues for the Council.

Councillor Robert Thompson and Councillor Ged Mirfin were given permission to speak on this item.

The Council's Independent Person addressed the Committee and gave his opinion on the complaint and reminded Councillors of their public duty which he felt had been lost sight of.

RESOLVED: That Committee decided that in the public interest no further action should be taken in relation to this complaint.

The meeting closed at 7.45pm.

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