

AUDIT AND GOVERNANCE COMMITTEE
Tuesday, 20th September 2016

PRESENT – *Councillor Sidat (in the Chair); Casey and Whittle.*

APOLOGIES – *Councillor Foster, Rigby and Kay.*

ALSO PRESENT

Karen Murray	–	District Auditor
Chris Whittingham	–	District Auditor
Zak Francis	–	District Auditor
Denise Park	–	Deputy Chief Executive
Colin Ferguson	–	Head of Audit and Assurance
John Addison	–	Principal Scrutiny Officer

RESOLUTIONS

12 Minutes of the meetings held on 14th June 2016

The minutes of the meeting held on 14th June 2016 were agreed as a correct record.

13 Declarations of interest

There were no declarations of interest.

14 External Audit: Findings Report 2015/16

The Council's External Auditors provided Members with a joint Findings Report for 2015/2016 and Value for Money report. The Findings Report summarised the outcomes from the 2015/16 audit, which was substantially complete. It also included messages arising from the auditing of the Council's financial statements and the results of the work External Audit had undertaken to assess Council arrangements to secure value for money in the use of resources.

It was reported that in terms of value for money, based on External Audits work, and having regard to the guidance on the specified criteria published by the Audit Commission, it was noted that External Audit were satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

RESOLVED:

- 1) That That the External Audit joint report on Value for Money for Blackburn with Darwen Borough Council and the Findings Report 2015/2016 be noted.
- 2) That the Director of Finance and the Audit Department be thanked for hard work and support during the external audit process.

15 Statement of Accounts 2015/16

The Deputy Chief Executive gave a presentation on the Statement of Accounts for 2015/16 and submitted a report summarising the main features of the document.

The Statement of Accounts outlined the main features of the Council's financial performance for the year ending 31st March 2016 and provided information relative to the Council's financial position at that date.

It was noted that Accounts and Audit Regulations 2015 require that the accounts should be considered and approved by Members prior to publication by the 30th September following the year to which they relate. This was to enable the Audit and Governance Committee to review and approve the accounts, having considered the issues raised by the auditors in the Audit Findings Report.

Members were reminded that the 2015/16 Draft Statement of Accounts was certified by the Director of Finance on 23rd June 2016, and subsequently published on the Council's website.

RESOLVED:

- 1) That the Committee notes the outcome of the audit of the Council's financial statements and the Value for Money conclusion as presented by Grant Thornton in their Audit Findings Report for 2015/16 (Minute number 14).
- 2) That the Committee approves the Statement of Accounts for 2015/16.
- 3) That the Committee approves the draft letter of representation from the Director of Finance & I.T. to the external auditors as shown in the appendix.
- 4) That future changes to the content of the statement of accounts (2016/17) and the timescales for approval and publication (2017/18) be noted.

16 Treasury Management Report – June to August 2016

The Deputy Chief Executive provided the Committee a report on the Treasury Management Quarterly report covering the period June 2016 to August 2016.

Members were reminded that the Council formally adopted CIPFA's revised Code of Practice on Treasury Management in the Public Services when they approved the 2016/17 Treasury Management Strategy at Finance Council on the 29th February 2016. The CIPFA Code, Investment Guidance issued by the Department for Communities and Local Government (CLG) and the Audit & Assurance review of Treasury Management activities, all Members recommend an enhanced role for elected Members in scrutinising the Treasury Management function of the Council.

The report summarised the interest rate environment for three months, borrowing and lending transactions undertaken and the Council's overall debt position. It also reported on the position against the Prudential Indicators established by the Council.

RESOLVED:

That the Committee to note the Treasury Management position over the quarter from June 2016 to August 2016.

17 Draft Treasury Management Annual report 2015/16 and Mid-Year Review 2016/17

The Deputy Chief Executive provided the Committee with the Annual Treasury Management Report for 2015-16 and Mid-Year Treasury Strategy Review for 2016/17.

Members were reminded that as the body responsible for scrutiny of the Treasury Management function, they are asked to consider key issues in the Treasury Management Outturn Report for 2015-16 and Mid-Year Strategy Review for 2016-17, ahead of consideration by full Council.

RESOLVED:

That the Committee approve the draft Treasury Management Outturn for 2015-16 and Mid-Year Strategy Review for 2016-17 and that it be submitted to the Council for approval on 6th October 2016.

18 Audit & Assurance–Progress & Outcomes to 31 August 2016

The Head of Audit & Assurance submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2015/16 in terms of outcomes achieved to date for the financial year.

Members were asked to consider and challenge the outcomes achieved to 31 August 2016 against the Audit & Assurance Plan. The report focused on a number of key areas in Audit & Assurance Plan, in particular:

- Information Governance
- Social Work Procedures
- Civic Events and Catering
- HMO Licensing
- CAPITA Review

RESOLVED:

That the Committee note the outcomes achieved to 31 August 2016 against the Audit & Assurance Plan, which was approved by Committee in April 2016.

19 Risk Management – 2016/17 Quarter 1 Review

The Head of Audit & Assurance provided the Committee with a report that detailed risk management activity that had taken place over the first quarter (1 April 2016 to 30 June 2016).

Members were reminded that the Council recognised that risk management was not simply a compliance issue, but rather a way of viewing its operations with a significant impact on long-term viability. It was noted that risk management helped to demonstrate openness, integrity and accountability in all of the Council's activities.

It was highlighted to Members that currently the top corporate risks were:

- Inability to deliver a balanced budget for 2016/2017.
- High profile serious/critical safeguarding incident/case

RESOLVED:

That the Committee note the progress made on the Corporate Risk Register as at the end of Quarter 1 2016/17; and the risk management activity that has occurred during the period.

20 Arrangements for the Appointment of External Auditors

The Head of Audit & Assurance presented to the Committee options for the arrangements for appointing External Auditors from the audit year 2018/19. Due to the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

It was reported that the Council needed to consider the options available and put new arrangements in place, in order to make an appointment by the 31st December 2017 for the audit year 2018/19.

The Committee was asked to consider the following three options for the provision of external audit services from 2018/19, namely:

- Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council (Option 1);
- Commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities (Option 2); or
- Supporting Public Sector Audit Appointments (PSAA) as the national Sector Led Body (SLB) by indicating our intention to “opt-in” to their collective procurement approach (Option 3).

Members considered each option in turn debating the pros and cons of each. Members were informed that the Council’s preferred option at this time was option 3, with Members supporting this option.

It was reported that to keep all the Council’s options open at this stage the Director of Finance & IT had notified the LGA of the Council’s potential support for the SLB approach on a non-binding basis.

Members agreed that prior to a final report being submitted to Full Council, that Audit and Governance Members be given a briefing on the Council’s preferred option.

RESOLVED:

- 1) That the Audit Committee notes the three options available to the Council, and the Council’s current preferred option being option 3.
- 2) That prior to a final decision being submitted to Full Council, that Audit and Governance Members be given a briefing on the Council’s preferred option.

Signed
Chair of the meeting at which the Minutes were signed
Date