

AUDIT COMMITTEE
Tuesday, 19th September 2017

PRESENT – *Councillors Sidat (in the Chair); Casey, Whittle, McGurk, Murray, and D Foster.*

ALSO PRESENT

Councillor Kay	–	Executive Member Resources
Karen Murray	–	District Auditor
Neil Krajewski	–	District Auditor
Louise Mattinson	–	Director of Finance and IT
Colin Ferguson	–	Head of Audit and Assurance
John Addison	–	Democratic Services Manager

RESOLUTIONS

13 Minutes of the meeting held on 13th June 2017

The minutes of the meeting held on 13th June 2017 were agreed as a correct record.

At this point in the meeting the Chair requested that the External Auditors leave the room while the Director for Finance updated the Committee on the Appointment of External Auditors once the Councils current contract expired. It was noted that the Council had awarded its contract to Grant Thornton.

14 Declarations of interest

There were no declarations of interest.

15 External Audit: Findings Report 2016/17

The Council's External Auditors provided Members with a joint Findings Report for 2016/2017 and Value for Money report. The Findings Report summarised the outcomes from the 2016/17 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 2017.

RESOLVED:

- 1) That That the External Audit joint report on Value for Money for Blackburn with Darwen Borough Council and the Findings Report 2016/2017 be noted.
- 2) That the Director of Finance and the Audit Department be thanked for hard work and support during the external audit process.

16 Statement of Accounts 2016/17

The Deputy Chief Executive gave a presentation on the Statement of Accounts for 2016/17 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 2017 and provided information relative to the Council's financial position at that date.

It was noted that Accounts and Audit Regulations 2016 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 2016/17 Draft Statement of Accounts was certified by the Director of Finance on 23rd June 2017, and subsequently published on the Council's website.

The Committee was informed that the Council's Better Care Fund (BCF) which was a pooled budget arrangement with Blackburn with Darwen Clinical Commissioning Group (CCG), it was noted that the Council should only account for its share of income and expenditure. However, the accounts included the full amount of BCF deposited in the pooled fund as income, and the transactions to transfer funds to the CCG as gross expenditure. As a result both income and gross expenditure have been overstated, although there is no impact on the outturn position of the Council.

The Committee agreed to the approval of the accounts once the agreed changes relating to the Better Care Fund have been processed.

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 2016/17 (Minute number 15).

- 2) That the Committee approves the Statement of Accounts, including the annual governance statement for 2016/17.
- 3) That the Committee approves the letter of representation from the Director of Finance & I.T. to the external auditors.
- 4) That the Committee approves notes that the future change to the timescales for approval and publication in 2017/18.

17 Treasury Management Report – June to August 2017

The Deputy Chief Executive provided the Committee a report on the Treasury Management Quarterly report covering the period June 2017 to August 2017.

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 2017/18 Treasury Management Strategy at Finance Council in February 2017. 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 2017 to August 2017.

18 Draft Treasury Management Annual report 2016/17 and Mid-Year Review 2017/18

The Deputy Chief Executive provided the Committee with the Annual Treasury Management Report for 2016-17 and Mid-Year Treasury Strategy Review for 2017/18.

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 2016-17 and Mid-Year Strategy Review for 2017-18, ahead of consideration by full Council.

RESOLVED

That the Committee approve the draft Treasury Management Outturn for 2016-17 and Mid-Year Strategy Review for 2017-18 and that it be submitted to the Council for approval on 5th October 2017.

19 Audit & Assurance–Progress & Outcomes to 31 August 2017

The Head of Audit & Assurance submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2016/17 in terms of outcomes achieved to date for the financial year.

Members were asked to consider and challenge the outcomes achieved to 31 August 2017 against the Audit & Assurance Plan. The report focused on a number of key areas in Audit & Assurance Plan, in particular:

- Growth Strategy Programme:
- Private Care Homes Contract Payments:
- Cyber risk
- Budgetary Control
- Payroll Core System

RESOLVED

That the Committee note the outcomes achieved to 31 August 2017 against the Audit & Assurance Plan, which was approved by Committee in April 2017.

20 Risk Management – 2017/18 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 2017 to 30 June 2017).

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 risk was:

- 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 2017/18; and the risk management activity that has occurred during the period.

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