



# AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 11th January, 2017 at 6.30 pm

## PRESENT

## MEMBERS

Councillors J Cunningham (Chair), G Birtwistle, R Frost, J Greenwood, W Khan, M Lishman, A Newhouse and A Tatchell

## OFFICERS

Ian Evenett	– Internal Audit Manager
Nadeem Ukadia	– Senior Auditor
David Donlan	– Accountancy Division Manager
Alison McEwan	– Democracy Officer

## Co-opted Members

Colin Crowther	Burnley College
Kathryn Haworth	Habergham Eaves Parish Council
Gill Smith	Cliviger Parish Council

## External Auditors

Karen Murray	Grant Thornton
Marianne Dixon	Grant Thornton

### 59. Apologies

Apologies were received from Louise Gaskell.

### 60. Minutes

The minutes of the meeting held on 21<sup>st</sup> September 2016 were approved as a correct record.

## **61. Standards Complaints Updates**

There had been no complaints received since the last report to the Committee.

### **IT WAS AGREED**

That the report was noted.

## **62. Annual Audit Letter 2015/16**

Karen Murray explained that the Council was required to publish the Annual Audit Letter on the website. The Committee had received the letter at a previous meeting. Since then, the Housing Benefit claim had been audited and submitted.

Members discussed how the Value for Money conclusion was established. This was a high level assessment which followed National Audit Office guidelines to evaluate whether *'the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people'*.

### **IT WAS AGREED**

That the report be noted.

## **63. External Audit Progress Report 2016/17**

Marianne Dixon explained that the 2015/16 work had been completed.

The Audit Fee Letter for 2016/17 had been issued and the fee confirmed. The plan for the audit of the 2016/17 Accounts is being drafted, and will be presented to the Committee in March. The plan would take into account the earlier deadline for completion of the Accounts.

Members discussed the following:

The impact of the EU referendum and 'Brexit'. There had been fluctuations in the value of sterling which would affect investments and pensions. Was this a risk to the Council? There was a risk and this was being monitored. The most recent actuarial report on the Pension Fund indicated that the fund was more funded than previously, therefore there had been a positive effect.

Could the CFO Insights tool be used to provide information to the Committee? The tool had been developed for use within finance teams, and was a subscription service, but the external auditors would investigate further.

### **IT WAS AGREED**

That the report was noted.

## **64. Appointment of External Auditors**

Dave Donlan informed members of the requirement to appoint an External Auditor for the 2018/19 accounting period onwards. He explained the three possible options and outlined the recommended approach.

Members discussed the following:

Could options be combined – using the PSAA body to make the appointment, but in partnership with other authorities locally? That was one of the functions performed by the PSAA – to group authorities together into ‘blocks’ which would achieve best value. The authority would have no control over who was appointed as the auditor, but savings would be achieved versus making a standalone appointment.

### **IT WAS AGREED**

That the preferred approach to appointing an External Auditor for the 2018/19 accounts was Option 3a – Using the national Public Sector Auditor Appointments body to make the appointment on behalf of the Council; and that this would be recommended to Full Council.

## **65. Strategic Risk Register 2016/17**

Ian Evenett presented the updated Strategic Risk Register to members for comment.

Members discussed the following:

How often were the headings in the register updated, and should ‘Brexit’ have its own category? As the register followed the priorities in the Strategic Plan, as this was updated, the changes were transferred into the risk register. Some benchmarking had been carried out against other LA’s, and Brexit had not been identified as a risk on its own.

Did the Local Plan need to be identified within the risk register? This was identified within Risk 9 – Risks in responding to demographic changes and increased deprivation.

Within the register, there was ongoing monitoring and management of the risks, but the reporting was less frequent.

### **IT WAS AGREED**

That the report be noted.

## **66. Fraud Risk Assessment 2016/17**

Members considered a report on the Fraud Risk Assessment, which highlighted particular types of fraud that were affecting the public sector.

Members discussed the increase in cases of procurement fraud. This was a national increase across 3-400 Local Authorities involved in the study. Certain types of procurement were more vulnerable, such as social care procurement via personal budgets etc. Appropriate controls were in place within the authority to reduce the risk.

### **IT WAS AGREED**

That the report be noted.

## **67. Internal Audit Progress Report Quarter 2 2016/17**

Members considered a report which detailed internal audit activity from July to September 2016.

Members discussed the following:

A report issued regarding an outside body. The Council had no financial exposure, but there was a potential reputational risk to the Council. Some of the recommendations had been agreed and actioned, but there was ongoing work with the organisation. If not resolved satisfactorily, Full Council could decide to withdraw.

### **IT WAS AGREED**

That an update would be provided to the next meeting of the Committee.

## **68. Work Programme**

Members considered the Work Plan for the remainder of the year, with the additional of an update regarding an Outside Body Audit.

The Democracy Officer informed members that work would begin shortly on the Work Plan for 2017/18, which would be shared at the next meeting. This would include the Governance Review of the Liberata Contract.

### **IT WAS AGREED**

That:

1. The addition to the work plan was noted.
2. That the scope for the Governance Review would be agreed with the Chair.