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AUDIT AND STANDARDS COMMITTEE

Wednesday, 8th March, 2017
6.30 pm

Burnley.gov.uk

AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 8th March, 2017 at 6.30 pm

Members are reminded that if they have detailed questions on individual reports, they are advised to contact the report authors in advance of the meeting.

Members of the public may ask a question, make a statement, or present a petition relating to any agenda item or any matter falling within the remit of the committee.

Notice in writing of the subject matter must be given to the Head of Governance, Law & Regulation by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall or the Contact Centre, Parker Lane, Burnley. Forms are also available on the Council's website www.burnley.gov.uk/meetings.

AGENDA

1) ***Apologies***

To receive any apologies for absence.

2) ***Minutes*** 5 - 8

To approve as a correct record the minutes of the meeting held 11th January 2017..

3) ***Additional Items of Business***

To determine whether there are any additional items of business which, by reason of special circumstances, the Chair decides should be considered as a matter of urgency.

4) ***Declarations of Interest***

To receive any declarations of interest from Members relating to any item on the agenda, in accordance with the provisions of the Code of Conduct.

5) ***Exclusion of the Public***

To determine during which items, if any, the public are to be excluded from the meeting.

6) ***Public Question Time***

To consider questions, statements or petitions from Members of the Public.

PUBLIC ITEMS

7) ***Internal Audit Q3 Report*** 9 - 14

To consider a report on the work undertaken by the Internal Audit Section during the period 1st October to 31st December 2017.

8) ***Annual Accounts 2016/17 Arrangements*** 15 - 36

To consider a report on the arrangements for the finalisation of the 2016/17 accounts and associated policies.

9) ***Annual Governance Statement*** 37 - 42

To inform the Audit and Standards Committee of the arrangements to provide assurance for an Annual Governance Statement for the financial year 2016/17.

10) ***External Audit Plan*** 43 - 62

To consider the external audit plan for 2016/17.

11) ***Audit and Standards Committee Update Report*** 63 - 76

To consider the progress report of the external auditors.

12) ***Standards Complaints Updates*** 77 - 78

To receive an update on complaints about Members of the Council.

13) ***Work Programme*** 79 - 80

To consider the Work Programme for the coming year.

MEMBERSHIP OF COMMITTEE

Councillors

Councillor Jean Cunningham (Chair)
Councillor Tony Harrison (Vice-Chair)
Councillor Gordon Birtwistle
Councillor Roger Frost
Councillor Joanne Greenwood
Councillor Wajid Khan
Councillor Margaret Lishman
Councillor Andrew Newhouse
Councillor Andrew Tatchell

Co-opted Members

Colin Crowther, Burnley College
Louise Gaskell, East Lancashire Chamber of Commerce
Kathryn Haworth, Habergham Eaves Parish Council
Gill Smith, Cliviger Parish Council

External Auditor

Karen Murray, Grant Thornton - External Auditor
Marianne Dixon, Grant Thornton - External Auditor

Published: Tuesday, 28 February 2017

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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 21st 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.

ITEM NO	[AgendaItem]

Internal Audit Progress Report

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**08/03/2017**
PORTFOLIO	**Resources and Performance Management**
REPORT AUTHOR	**Nadeem Ukadia**
TEL NO	**01282 425011 Ext 3150**
EMAIL	**nukadia@burnley.gov.uk**

PURPOSE

1. To inform members of the work undertaken by Internal Audit for the period 1st October to 31st December 2016.

RECOMMENDATION

2. The Committee considers the progress report and comments on its contents.

REASONS FOR RECOMMENDATION

3. Members can monitor the performance of the Internal Audit Section.

SUMMARY OF KEY POINTS

Audit Reports

4. From 1st October to 31st December 2016 there have been 2 audit reports produced. Details of Burnley Council audits are given in **Appendix 1**. One audit report was completed for Burnley Leisure.

Performance Statistics

5. The comparison between actual and planned audits can be seen in **Appendix 2**. A number of audits have started, and to date have been completed but due to timing will form part of later quarter statistics to be reported.

6. Performance indicators for Internal Audit are reported in the Finance balance scorecard. The service currently reports the number of audit reports produced – 11 against an annual target of 22 and the percentage of high-priority actions from audit action plans implemented which was 100% and has a target of 100%.

Other Activity

7. In quarter 3 two members of Internal Audit delivered a training session to officers of the Council on Financial Procedure Rules. This complements the online learning module available to all members and officers.

8. The Internal Audit Manager took part in a peer review of a neighbouring local authority's Internal Audit section. Burnley's Internal Audit is planned for a peer review in May 2017. The external review is essential for compliance with the standards which is proper practice and required by the Accounts and Audit Regulations 2015. This approach has been agreed with other Lancashire Authorities and meets the Public Sector Internal Audit Standards.

9. In accordance with the Support Services Agreement; Internal Audit has provided audit services to Burnley Leisure for the third year.

10. Work continued in supporting various projects and working groups including the Financial Transformation Project, risk management, business continuity management, information governance and in the selection of a Housing joint venture partner.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None

POLICY IMPLICATIONS

12. None

DETAILS OF CONSULTATION

13. None

BACKGROUND PAPERS

14. None

FURTHER INFORMATION	
PLEASE CONTACT:	**Nadeem Ukadia (Senior Auditor) Ext 3150**
ALSO:	**Ian Evenett (Internal Audit Manager) Ext 7175**

Summary of Audit reports Issued Quarter 3 2016/17

Audit	Service	Audit Purpose	Audit Opinion	Key Actions Agreed	Implementation Detail	Score
Social Media	Personnel	To review as part of an investigation the access to social media sites from the council computer.	The audit did not discover improper use.	Remind user of the Internet Acceptable Useage Policy.	Completed	2

Audit Score Defined

Score	Opinion	Definition of Opinion
1	Comprehensive Assurance	There is a sound system of controls designed to meet objectives and controls are consistently applied in all the areas reviewed.
2	Reasonable Assurance	There is a good system of controls. However, there are minor weaknesses in the design or consistency of application that may put the achievement of some objectives at risk in the areas reviewed.
3	Limited Assurance	Key controls exist to help achieve system objectives and manage principle risks. However, weaknesses in design or inconsistent application of controls are such that put the achievement of system objectives at risk in the areas reviewed.
4	No Assurance	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error.
N/A	Not Applicable	The audit review undertaken did not have as its primary objective an assessment of system, its controls and their effectiveness.

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Internal Audit Activity Quarter 3 2016-17

Audit	Started	Report Issued	Audit Score
Corporate Governance			
Annual Governance Statement	✓	✓	NA (Satisfactory)
Risk Management			
Fraud Assessment	✓		
Debts Write-Off	✓		
Charities;			
J W Shaw	✓	✓	1
Burnley Acorn Fund	✓	✓	1
Stocks Massey	✓	✓	1
Mayor’s Charity Accout	✓	✓	1
Strategic Partners Performance	✓		
National Fraud Intitative	✓		
Fundamental Financial Systems			
Benefits Calculation Check	✓		
Final Accounts	✓		
Bank Reconciliation			
Payroll	✓		
Treasury Management			
Services / Strategic / Cross-Cutting			
Wast Management Contract	✓		
Car Parking			
Flood Payments			
Time and Attendance	✓		
Recruitment and Selection			
Data Protection			
Flare – Application			

Audit	Started	Report Issued	Audit Score
Elections	✓	✓	1
Green Spaces & Amenities – Asset Control			
Incidents			
Member Declaration	✓	✓	3
Outside Body	✓	✓	NA (Unsatisfactory)
Flood Grant	✓		
Social Media	✓	✓	NA (Satisfactory)
Contingency			
Referendum	✓	✓	1
Empty Property Loans	✓		

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Annual Accounts 2016/17 Arrangements

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	8th March 2017
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	David Donlan
TEL NO	(01282) 477172 or 01282 425011 x7172
EMAIL	ddonlan@burnley.gov.uk

PURPOSE

1. To update the Audit Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2016/17 accounts.
2. To seek approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1.
3. To set a date for a final accounts workshop for Audit Committee Members to allow officers to present the 2016/17 Statement of Accounts and explain the findings and issues.

RECOMMENDATION

4. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2016/17.
5. Approve the proposed accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1.
6. Confirm the date for the final accounts workshop which is provisionally set for Wednesday 20th July 2017.

REASONS FOR RECOMMENDATION

7. The Council has a statutory duty to approve the accounts for 2016/17 by the 30th September 2017.
8. To ensure that the Council complies with requirements in relation to the Statement of Accounts.
9. To explain the actions being taken to minimise the risks to the final accounts process.

SUMMARY OF KEY POINTS

10. In 2015/16, the Council again successfully achieved the implementation of changes required by the Code of Practice on Local Authority Accounting in the UK leading to an unqualified audit opinion on the 2015/16 accounts. The 2016/17 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2016/17 standards and will require similar detail and analysis. There are only a few changes to the disclosures within the accounts that are required in 2016/17.

11. **The changes affecting this Council are:**
- Last years' successful exercise to declutter the Statement of Accounts should be undertaken again with a view to reducing the size of the Statement.
- The Accounts and Audit Regulations 2015 introduced the requirement for a Narrative Statement. Further development of this will be undertaken with the aim to make the accounts more user friendly and clearer.
- There are changes to the format of the Comprehensive Income and Expenditure Statement so that it reflects the in-year management reporting that is provided through the quarterly budget monitoring reports.
- As a result, there is no longer a requirement for the disclosure note on amounts reported for resource allocation decisions.

12. **Preparation**

Training
- Preparation for the closure of accounts 2016/17 has included both formal and informal training for staff in Finance which has included examples of how to speed up the long process of closure of accounts and the production of the statement of accounts. This is crucial because the accounts will have to be completed by the end of May 2018 (one month earlier than currently) and audited by the end of July (two months earlier than at the moment).
- Staff have attended formal training courses by our auditors' Grant Thornton and have taken an active role in regular discussions among peer groups across Lancashire and the North West.
- Once again this year, it is intended to give Members of the Audit and Standards Committee a training presentation to assist with their understanding of the accounts.

Planning
- The year-end closure memorandum has been sent to Management Team, Heads of Service and various key officers of the Council and our colleagues in Liberata, giving details of the year end processes and timetable.

Procedures & systems
- There are some requirements for changes to procedures and systems in order to prepare the Council for the requirements of earlier closedown.

13. **Calculation of Impact**

Updating Accounting Policies
- The accounting policies have been reviewed and amended and there is no financial impact of adopting the changes (as identified in paragraph 11). Appendix 1 shows an extract from the Statement of Accounts and details the proposed accounting policies to be adopted in closing the accounts for 2016/17.

14. **Annual Governance Statement**
- The formal statement that recognises, records and publishes a local authority's governance arrangements. It incorporates a review of its internal controls and assurance gathered from all parts of the Council. It will be brought to the June Audit and Standards Committee for approval and is then brought back to the September Committee to consider alongside the Statement of Accounts. There are no significant changes in the requirements for the statement. Further details are provided in a separate report to the Audit and Standards Committee.

15. **Risks**
The risks of non-compliance with the requirement to have a "fit for purpose" statement of accounts prepared by 30th June 2017 and reported to members with an unqualified audit opinion by 30th September 2017 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have begun this work earlier than in previous years
- Key staff becoming unavailable during the closure process. Planning of staff availability will help mitigate the risk but this risk will be managed should the situation arise.
- Failure to fully identify and incorporate the requirements of the 2016 Code. This is unlikely given the few changes from the 2015 Code.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. None

POLICY IMPLICATIONS

17. Changes to the Council's Accounting Policies.

DETAILS OF CONSULTATION

18. None

BACKGROUND PAPERS

19. 2016 Code of Practice on Local Authority Accounting in the UK.

20. Papers and publications held in Finance.

FURTHER INFORMATION	
PLEASE CONTACT:	**Dave Donlan – Accountancy Division Manager**
ALSO:	

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Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31March 2017. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

ii. Accruals of Expenditure & Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the balance sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. Prior Period Adjustments and Changes in Accounting Policies

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi. Council Tax and Non-Domestic Rates

Billing authorities such as Burnley Council, act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionatelt the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

vii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year, see Note 17f. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 'Surplus or Deficit on the Provision of Services', but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

Full details of employee benefits paid during employment for senior officers are shown at Note …..

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable , to the non-distributed costs line in the Comprehensive Income and Expenditure Statement when the authority is demonstrably committed to the termination of the employment of an officer.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Most employees of the Council are members of the Local Government Pension Scheme, administered by Lancashire County Council. It is accounted for as a defined benefits scheme providing retirement lump sums and pensions earned as employees working for the Council:

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lancashire County Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – this entails an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates and projected future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of ….% (based upon the indicative rate of return on high quality corporate bond (an AA corporate bond - not the highest quality AAA bond but nevertheless a “high grade” bond)).

- The assets of the Lancashire County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value – quoted securities at current bid price, unquoted securities by means of a professional estimate, unitised securities at the current bid price and property at market value.

  The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned in the year and allocated to the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the Provision of

Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- net interest on the net defined benefit liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Lancashire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

viii. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Account is adjusted to reflect such events.
- non-adjusting Events – those that are indicative of conditions that arose after the reporting period. The Statement of Account is not adjusted to reflect such events, but where a category of events would have a material effect,

disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and Losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or the loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it is repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant was received. The reconciliation of the amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves Statement.

Financial Assets

These are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) of the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the assets original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual Provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-sale Financial Assets. The exception is where the impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge is made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Instruments Entered into Before 1 April 2006
The council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts, to the extent that provisions might me required or a contingent liability note is needed under the policies set out in the sections on Provisions, Contingent Liabilities and Contingent Assets.

x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Heritage Assets

Tangible and Intangible Heritage Assets

The Authority's Heritage Assets are held at Towneley Hall Art Gallery & Museum and Burnley Town Hall. The Authority has seven collections of heritage assets which are held principally for their contribution to knowledge, understanding and appreciation of the Authority's history and local area. Heritage Assets are recognised and measured (including treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage as detailed below. The Authority's collections of heritage assets are accounted for as follows.

Art Collection

The art collection includes paintings (both oil and watercolour), book illustrations and prints and is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation and valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Furniture

The collection of furniture includes various items, some of which date back as far as the 16th century, and is reported in the Balance Sheet at market value. These valuations are updated on a regular basis and are undertaken by an external valuer for insurance purposes. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation and valuations provided by the external valuers and with reference to appropriate commercial markets for the furniture using the most relevant and recent information from sales at auctions.

Sculptures

The collection of sculptures includes sculptures made from marble, bronze, plaster, alabaster and wood. The collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation and valuations provided by the external valuers and with reference to appropriate commercial markets for the sculptures using the most relevant and recent information from sales at auctions.

Ceramics, Ivories and Glassware

The collection of ceramics, ivories and glassware include a collection of Pilkington ceramics, ivory carvings and other ceramic and glass items from throughout the history of the local area. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation and valuations provided by the external valuers and with reference to appropriate commercial markets for the items using the most relevant and recent information from sales at auctions.

Medals, Watches and Silverware

The collection includes a number of medals, watches and other silverware from the history of the local area. The collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation and valuations provided by the external valuers and with reference to appropriate commercial markets for the items using the most relevant and recent information from sales at auctions.

Vestments

This is a collection of vestments from Whalley Abbey and is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The vestments are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Civic Regalia

The collection of civic regalia includes the civic chains and badges (both before and after the government reorganisation that took place in 1974) and is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a regular basis and are undertaken by an external valuer. The civic regalia are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note xix in this summary of significant accounting policies. The Authority may occasionally dispose of heritage assets which are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see notes xxi and xix in this summary of significant accounting policies). There have been no disposals, acquisitions or donations of heritage assets during the year that have a material value and the balance has remained the same for all heritage assets.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

This Council does not have any internally generated assets.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. The useful lives and associated amortisation rates of computer software have been estimated at 5 years. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The Gains and Losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater then £10,000) the Capital Receipts Reserve.

xiii. Inventories and Long term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO/weighted average costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiv. Investment Property

Investment properties are those that are used solely to earn rentals and/or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be receivable to sell such an asset in an orderly transaction between market participants at measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv. Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where assets are acquired under operating leases the leasing rentals payable are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease.

Assets held by the Council for use in operating leases (acting as a lessor) are recorded in the Balance Sheet as property, plant and equipment and depreciated over their useful life. Rental incomes from such assets are recognised on a straight line basis and matched against costs of insurance and maintenance in the

Comprehensive Income and Expenditure Statement. The value of the incomes receivable are disclosed in Note …..

A finance lease is where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the Council. There are no such arrangements at the present.

xvi. Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

xvii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value , determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.]

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- infrastructure – straight-line allocation over 25 years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The minimum value for separate components has been set at £100k as it is believed that anything below this would result in a trivial impact on the Council's accounts. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When as asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the Capital Receipts reserve, and can then only be used for new capital investment [or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of the non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xviii. Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Landfill Allowances Scheme

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of non-biodegradable municipal waste disposed of into landfill sites. Burnley Borough Council, as waste collection authority for the borough, is a partner in a five year cost-share agreement with Lancashire County Council who are the disposal authority for this area. This agreement runs until 31st March 2018.

Burnley Borough Council operated within its requirements to provide at least 90% of dwellings with a three stream collection service during the reporting periods covered by these statements. As a result confirmation has been received from Lancashire County Council that no charges will be incurred in the 2016/17 financial year.

xix. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx. Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth. Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable. Where the council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue. Revenue relating to the sale of goods is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the risks and rewards of ownership have passed to the purchaser. Revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the stage of completion of the service can be measured.

xxi. Revenue Expenditure funded from Capital under Statute

This is expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset. It has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax - see workings at Note …..

xxi. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxii. Fair Value Measurement

The Council measures some of its non-financial assets and liabilities such as surplus assets and investment properties at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses in-house valuers to provide a valuation of its assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

ITEM NO	

Arrangements For 2016/17 Annual Governance Statement

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	8th March 2017
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Nadeem Ukadia
TEL NO	Ext 3150
EMAIL	nukadia@burnley.gov.uk

PURPOSE

1. To inform the Audit and Standards Committee of the arrangements to provide assurance for an Annual Governance Statement for the financial year 2016/17.

RECOMMENDATION

2. That the Audit and Standards Committee approves the proposed process.

REASONS FOR RECOMMENDATION

3. The Audit and Standards Committee are required to approve the Annual Governance Statement.

SUMMARY OF KEY POINTS

4. As part of the annual accounts process the Council is required to review both its internal control and wider governance arrangements and publish an Annual Governance Statement (AGS) to accompany the Councils Statement of Accounts for 2016/17. This is a requirement under the Accounts and Audit Regulations 2015.

5. Members were presented with AGS reports in the June and September Audit and Standards Committee. Planning for the production of the 2016/17 AGS has now commenced. This will be in line with CIPFA (Chartered Institute for Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives) guidelines and take the same format as for 2015/16 AGS.

6. In 2016 CIPFA and SOLACE updated the core principles of governance and identified seven key attributes. A summary of these and a comparison to the 2007 principles is included in Appendix A.

7. The updated governance elements largely remain the same in substance. An additional principle titled ‘intervention’ has been separately identified. This addresses the processes undertaken to determining the optimal course of action to achieve intended outcome. The examples given for this are risk management, financial strategy, budget monitoring, performance monitoring and surveys. These are all elements that form part of Council’s existing routine consideration and reporting.

8. The assurance gathering process remains the same and is shown in Appendix B. Heads of Service and specific Members of the Council will be asked to complete a statement of assurance supported by a governance questionnaire (reflecting the seven core principles) which will be passed onto Management Team. The Chief Executive and Leader will consider Management Team and Member statements before producing an Annual Governance Statement for the authority.

9. Similarly, Liberata have also been requested to provide an assurance statement after considering CIPFA governance principles and internal controls for those services that have been transferred out.

10. The 2016/17 AGS will then be reported alongside the Statement of Accounts.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None

POLICY IMPLICATIONS

12. None

DETAILS OF CONSULTATION

13. None

BACKGROUND PAPERS

14. None

FURTHER INFORMATION	
PLEASE CONTACT:	**Nadeem Ukadia (Senior Auditor) Ext 3150**
ALSO:	**Ian Evenett (Internal Audit Manager) Ext 7175**

Appendix A: Comparing 2016 and 2007 Principles of Governance

2016 Principle References Mapped to 2007

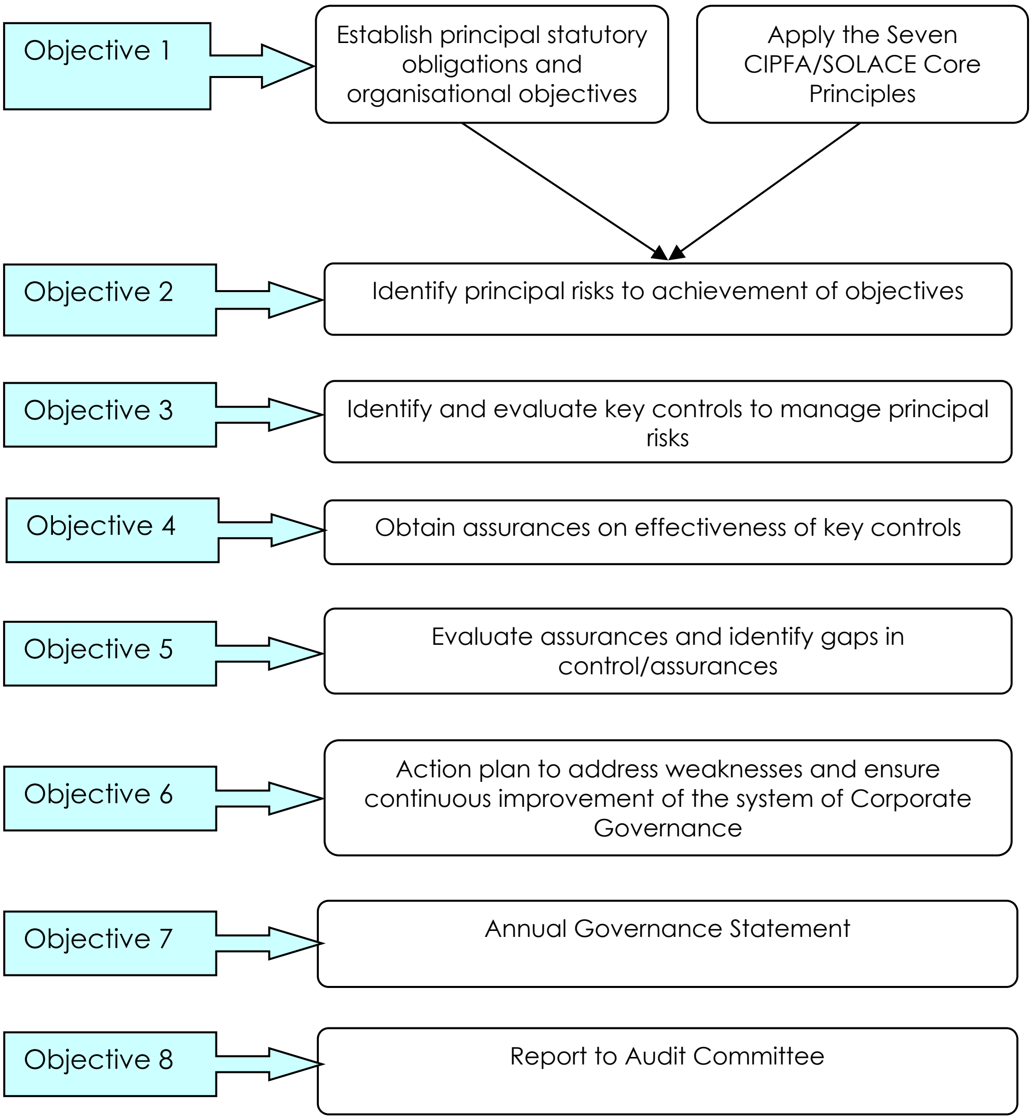
2016		2007
Ref	Principle	Ref
A	Integrity, ethical values, rule of law	3
B	Openness & engagement	6
C	Defining outcomes (economic, social and environmental)	1
D	Interventions	
E	Capacity including capabilities	5,2
F	Risk & performance	4
G	Accountability (transparency, reporting and audit)	6

Detail of Governance Principles

2016		2007	
Ref	Principle	Ref	Principle
A.	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.	1.	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
B.	Ensuring openness and comprehensive stakeholder engagement.	2.	Members and officers working together to achieve a common purpose with clearly defined functions and roles
C.	Defining outcomes in terms of sustainable economic, social and environmental benefits.	3.	Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
D.	Determining the interventions necessary to optimise the achievement of the intended outcomes.	4.	Taking informed transparent decisions which are subject to effective scrutiny and managing risk
E.	Developing the entity's capacity, including the capability of its leadership and the individuals within it.	5.	Developing the capacity and capability of members and officers to be effective
F.	Managing risks and performance through robust internal control and strong public financial management.	6.	Engaging with local people and other stakeholders to ensure robust public accountability.
G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.		

	(SOLACE/CIPFA – Delivering good Governance in Local Government: Framework 2016)		(SOLACE/CIPFA – Delivering good Governance in Local Government: Framework 2007)

Appendix B: Annual Governance Statement and the Assurance Gathering Process



From: CIPFA Finance Advisory Network - The Annual Governance Statement – Rough Guide for Practitioners 2007

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The Audit Plan for Burnley Borough Council

Year ended 31 March 2017

8 March 2017

Karen Murray
Engagement Lead
T 0161 234 6364
E karen.l.murray@uk.gt.com

Marianne Dixon
Engagement Manager
T 07880 456 157
E marianne.dixon@uk.gt.com

Zak Francis
Executive In charge
T 0161 953 6341
E zak.francis@uk.gt.com

Agenda Item 10

Burnley Borough Council
Town Hall
Manchester Road
Burnley

Grant Thornton UK LLP
4 Hardman Square
Manchester, M3 3EB
T +44 (0) 161 953 6900
www.grant-thornton.co.uk

8 March 2017

Dear Members

Audit Plan for Burnley Borough Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Burnley Borough Council, the Audit and Standards Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

-give an opinion on the Council's financial statements

-satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We look forward to working with you during the course of the audit.

Yours sincerely

Karen Murray

Engagement Lead

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Understanding your business and key developments

Developments

Highways network asset (HNA)

On the 14 November, 2016 CIPFA/LASAAC announced a deferral of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for 2016/17. This deferral is due to delays in obtaining updated central rates for valuations.

CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18. It currently anticipates that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

It is still expected that most District Councils will not have Highways Network Assets. Initial work carried out by the Council did not identify any such assets

Key challenges

Autumn Statement

The Chancellor detailed plans in the Autumn Statement to increase funding for Housing and Infrastructure, and further extend devolved powers to Local Authorities. No plans were announced to increase funding for other services.

Financial Challenges

The Council's budget for 2016/17 is £52,223k which included the £1,495k savings target, with a forecast of further savings requirements of £4m to 2020/21.

Current year end forecasts at the end of month 9 indicate that the Council is on track to deliver within its budget. And savings plans are being achieved.

Key performance indicators

Measure	Value	Trend
Outturn	£52,223k	£276k underspend
Savings plans	£1,495k	On target

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced .The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

The Council's finance team is already incorporating these changes into the closedown timetable.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

The Council's finance team has previously produced financial statements promptly after the year end and is planning to provide 2016/17 financial statements by 31 May 2017.

We intend to complete the audit of the financial statements by 31 July in preparation for the 2017/18 timetable.

Our response

- We aim to complete all our substantive audit work of your financial statements by 17 July 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £1,268k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £63.6k

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.
Related Party Transactions	Due to public interest in these disclosures and the requirement for them to be made (misstatements will also be evaluated by reference to how material they are to the other party)

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition..	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Burnley MBC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Burnley BC, mean that all forms of fraud are seen as unacceptable Therefore we do not consider this to be a significant risk for Burnley MBC.
Management over-ride of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	**Work planned:** • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions

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"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
The expenditure cycle includes fraudulent transactions	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered.	**Work completed to date:** • Updated our understanding and documentation of the processes and controls in place to account for operating expenses. **Work planned:** • Perform walkthrough testing of controls in place • Substantive testing of expenditure within the comprehensive income and expenditure statement ensuring valid spend. • Testing of payables and accrued expenditure including reviewing post year end invoices and payments
Valuation of property, plant and equipment	The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.	**Work planned:** • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (continued)

Significant risk	Description	Audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.	**Work planned:** • Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • Review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • Undertake procedures to confirm the reasonableness of the actuarial assumptions made. • Review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	**Work completed to date:** • Updated our understanding and documentation of the processes and controls in place to account for operating expenses **Work planned:** • Perform walkthrough testing of controls in place • Substantive testing of expenditure ensuring valid spend and appropriate categorisation within net cost of services headings in the comprehensive income and expenditure statement • Sample testing of payables and accrued expenditure including reviewing post year end invoices and payments
Employee remuneration	Employee remuneration accruals are understated	**Work completed to date:** • Updated our understanding and documentation of the processes and controls in place in the previous payroll system (operational upto June 2016) **Work planned:** • Gain and understanding and document the processes and controls in place for the new payroll system (operational since July 2017) • Perform walkthrough testing of controls in place • Testing of employee expenses to staff records, pay rates and classification in the general ledger • Review of payroll accrual processes • Review of key payroll reconciliations

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Going concern

As auditors, we are 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" (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Heritage assets
- Assets Held for Sale
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Investments (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Welfare benefit payments
- Taxation and non-specific grants
- Other revenue
- Expenditure Fund Analysis note and supporting additional notes
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	• Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	• Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We will carry out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we will consider:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

If we identify a significant risk, we are required to communicate this to you, together with the further work we plan to do to address that risk.

We will complete our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements.

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
    - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
    - issue of a report in the public interest; and
    - making a written recommendation to the Council, copied to the Secretary of State
- We certify completion of our audit.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	We have completed a high level review of internal audit's overall arrangements including reviews of plans and reporting to the Audit and Standards Committee. We have also reviewed internal audit's work on the Council's key financial systems to date.	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council, and that internal audit work contributes to an effective internal control environment. Our review of internal audit work to date has not identified any issues that we wish to bring to your attention.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. We are also currently undertaking detailed testing on journal transactions recorded for the first 9 months of the financial year, and reviewing any 'unusual' entries.	Our work to date has not identified any issues which we wish to bring to your attention.

The audit cycle

The audit timeline

Key dates:

Year end: 31 March 2017

Close out: TBA

Audit & Standards Committee: End July 2017

Sign off: 17 July 2017

Audit phases:

Planning February 2017

Interim March 2017

Final June/July 2017

Completion July 2017

Debrief September 2017

Key elements (Planning)

- Planning meeting with management to inform audit planning and agree audit timetable
- Issue audit working paper requirements to management
- Discussions with those charged with governance and internal audit to inform audit planning
- Confirm draft Audit Plan with management
- Issue the Audit Plan to management and Audit and Standards Committee

Key elements (Interim)

- Meeting with Audit Committee to discuss the Audit Plan
- Document design effectiveness of key accounting systems and processes
- Review of key judgements and estimates
- Early substantive audit testing
- Review of Value for Money arrangements
- Issue Progress report to management and Audit and Standards Committee Committee

Key elements (Final)

- Audit teams onsite to complete detailed audit testing
- Weekly update meetings with management
- Review of Value for Money arrangements
- Issue draft Audit Findings to management
- Meeting with management to discuss Audit Findings

Key elements (Completion)

- Audit Findings presentation to Audit and Standards Committee
- Finalise approval and signing of financial statements and audit report
- Confirmation that the Councils relevant balances and transactions are below threshold required for WGA procedures.
- Annual Audit Letter

Audit Fees

Fees

	£
Council audit	50,567
Grant Certification	9,675
Total audit fees (excluding VAT)	**60,242**

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Constructive feedback on your people, your processes and your business plan
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Internal benchmarking of key controls including IT systems
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit and Standards Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Client Name. The following audit related services were identified for the Council for 2016/17. There are no non-audit services provided by GT UK LLP.

Fees for other services

Service	Fees £	Planned outputs
Audit related		
None planned for 2016/17	Nil	None
Non-audit related		
None	Nil	None

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Should any non-audit related services be requested of us, we will ensure such services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the Council's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓
Matters in relation to the group audit.	✓	✓

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Grant Thornton

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Grant Thornton

Audit and Standards Committee
Burnley Borough Council
Progress Report and Update
Year ended 31 March 2017

8 March 2017

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Karen Murray
Engagement Lead
T 0161 234 6364
E karen.l.murray@uk.gt.com

Marianne Dixon
Manager
T 07880 456 157
E mariane.dixon@uk.gt.com

Agenda Item 11

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

Karen Murray
Engagement Lead
T 0161 234 6364
M 07880 456 205
E karen.l.murray@uk.gt.com

Marianne Dixon
Engagement Manager
M 07880 456 157
E marianne.dixon@uk.gt.com

This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- CFO Insights – reviewing council's 2015/16 spend (December 2016); http://www.grantthornton.co.uk/en/insights/cfo-insights-reviewing-councils-201516-spend/
- Fraud risk, 'adequate procedures', and local authorities (December 2016); http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/
- New laws to prevent fraud may affect the public sector (November 2016); http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/
- Brexit: local government – transitioning successfully (December 2016) http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Karen Murray	Engagement Lead	0161 234 6364	karen.l.murray@uk.gt.com
Marianne Dixon	Audit Manager	07880456157	marianne.dixon@uk.gt.com

Progress at 26 February 2017

2015/16 work	Planned Date	Complete?	Comments
Grant Claims Audit We are required to certify your Housing Benefits Grant Claim by 30 November. We are not auditing any other grant claims. We are requires to issue a certification letter, confirming the outcome of our work and the fees charged by 28 February 2017.	30/11/16 28/2/17	Yes	We certified the Housing Benefits claim on 28 November 2016. A certification letter setting out the detailed findings has been issued and is being presented to this Committee .
2016/17 work	**Planned Date**	**Complete?**	**Comments**
Fee Letter We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016	30/4/16	Yes	We issued our fee letter on 14 April 2016 confirming our fee for 2016/17 as £50,567.
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.	March 2017	Yes	The Audit Plan is being presented to this Committee.
Interim accounts audit Our interim fieldwork visit plan includes: • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment.	February – March 2017	Underway	We are continuing to: • engage with the finance team on a regular basis • discuss any technical issues early • undertake as much early testing as possible • Continue to meet regularly with senior officers to ensure our understanding of the Council is up to date. We will continue to work closely with Internal Audit in relations to risks, financial systems and fraud.

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Progress at 26 February 2017

2016/17 work	Planned Date	Complete?	Comments
Final accounts audit Including: • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17	June/July 2017	Not started	We are committed to providing a prompt audit opinion. We expect to provide our opinion by 31 July.
Value for Money (VfM) conclusion The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are: • Informed decision making • Sustainable resource deployment • Working with partners and other third parties	March to June 2017	Underway	We are currently carrying out our initial risk assessment to determine our approach and will update the Committee at the next meeting. Our work will be reported in the Audit Findings Report presented to the July meeting of the Audit and Standards Committee.
Other areas of work Meetings with Members, Officers and others	Ongoing	Underway	

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Technical Matters

Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.

Sector issues and developments

Local Government Association

Below is a selection of reports issued recently which may be of interest to audit committee members. Thee are available on the website:

http://www.local.gov.uk/publications

Department for Communities and Local Government

Provisional LG Finance Settlement for 2017/18

12 January 2017
The LGA has published its responses to the DCLG consultation on proposals for the local government finance settlement for 2017 to 2018 and for the approach to future local government finance settlements.

http://www.local.gov.uk/documents/10180/8150261/Local+Government+Finance+Settlement+1718+LGA+response.pdf/dd8d32e1-ec9f-4314-8121-7aae2195f89f

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A councillor's workbook on neighbourhood and community engagement

11 January 2017
Neighbourhood and community engagement has a rightful place as one of the key processes involved in planning and decision making. As such, it should not be viewed d as an additional task, but as a core part of the business

Building our homes, communities and future: The LGA housing commission final report

22 December 2016
The Local Government Association (LGA) Housing Commission was established to help councils deliver their ambition for places. It has been supported by a panel of advisers and has engaged with over 100 partners; hearing from councils, developers, charities, health partners, and many others. All partners agree that there is no silver bullet, and all emphasise the pivotal role of councils in helping provide strong leadership, collaborative working, and longer-term certainty for places and the people that live there.

Local Government Association

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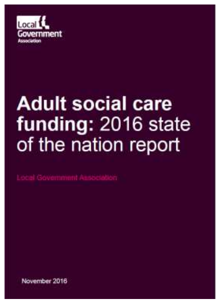
Business Plan December 2016/November 2017

30 December 2016
Britain's exit from the EU means that we are reshaping the way our country is run. Our vision is one of a rejuvenated local democracy, where power from Westminster and from the EU is significantly devolved to local level and citizens feel they have a meaningful vote and real reason to participate in civic life and their communities.

Stronger together: shared management in local government

29 November 2016
Around 45 councils across England share a chief executive and senior management team in about 20 different partnerships. Most also share at least some services. These councils have already delivered savings of at least £60 million through greater efficiencies and the other benefits of collaboration, with more savings planned



Adult social care funding: 2016 state of the nation report

2 November 2016
Adult social care is an absolutely vital public service that supports some of our most vulnerable people and promotes the wellbeing and independence of many more

Grant Thornton

Apprentice Levy-Are you prepared?

What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors.

Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill: 250 x £20,000 = £5,000,000

Levy sum: 0.5% x = £25,000

Allowance: £25,000 - £15,000 = £10,000 annual levy

How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

Grant Thornton update

What do I need to start thinking about now?

- How much is the levy going to cost and have we budgeted for it?
- How do we ensure compliance with the new system?
- Which parts of my current spend on training are applicable to apprenticeships?
- Are there opportunities to mitigate additional cost presented by the levy?
- How is training in my organisation structured?
- How do we develop and align to our workforce development strategy

Salary Sacrifice Arrangements-Autumn Statement

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them

What should you be thinking about?

- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications

Grant Thornton

REPORT FOR INFORMATION

DATE	**8th March 2017**
PORTFOLIO	**Chief Executive**
REPORT AUTHOR	**Monitoring Officer**
TEL NO	**01282 425011 x7140**
EMAIL	**lpatel@burnley.gov.uk**

Member Complaint Statistics

PURPOSE

1. To update the Audit and Standards Committee on complaints about Members pursuant to the Code of Conduct for Members.

SUMMARY OF KEY POINTS

2. The Committee has oversight of the Council's complaint-handling arrangements.

3. The Monitoring Officer has received two complaints against Members since the last meeting. The initial assessment of these complaints by the Independent Person has not yet been completed.

4. The initial vetting of complaints by Group Leaders has led to an increase in the number of complaints being resolved informally at an early stage, and consequently a reduction in the number of formal complaints being received by the Monitoring Officer. This has reduced the amount of Officer time spent on complaint investigation and resolution.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

5. Within the approved budget.

POLICY IMPLICATIONS

6. None.

DETAILS OF CONSULTATION

7. Not applicable.

BACKGROUND PAPERS

8. None

FURTHER INFORMATION	
PLEASE CONTACT:	Lukman Patel x 7140
ALSO:	

AUDIT & STANDARDS COMMITTEE

Work Programme 2017/18

DATE OF MEETING	AREAS TO BE CONSIDERED
21st June 2017	• *Annual Governance Statement 2016/17* • *Annual Accounts 2016/17 Update* • *External Audit Progress Report and Emerging Issues* • *Grant Thornton Planned Audit Fee for 2017/18* • *Internal Audit Plan 2017/18 and Internal Audit Charter* • *Internal Audit Opinion* • *Review of the Effectiveness of Internal Audit 2016/17* • *Startegic Partnership Governance Review (Liberata)* • *Standards Annual Update* • Standards Complaints Update Q1 2017/18 • *Work Programme 2017/18*
September 2017	• *Standards Complaints Update* • *Annual Governance Statement 2016/17* • *Letter of Representation* • *Grant Thornton – Audit Findings Report 2016/17* • *Statement of Accounts 2016/17* • *Internal Audit Progress Report (Quarter One) 2016/17* • *Work Programme 2016/17*
January 2018	• *Standards Complaints Update* • *Strategic Risk Register 2017/18* • *Fraud Risk Assessment 2017/18* • *External Audit Progress Report* • *Internal Audit Progress Report Q2* • *Work Programme 2017/18*
March 2018	• *Standards Complaints Update* • *Annual Governance Statement 2017/18 Arrangements* • *Annual Accounts 2017/18 Arrangements* • *Internal Audit Progress Report Quarter Three 2017/18* • *Risk Management Review 2017/18* • *Internal Audit Plan 2018/19* • *External Audit Plan 2017/18* • *Work Programme 2018/19*

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