



AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 26th July, 2017 at 6.30 pm

PRESENT

MEMBERS

Councillor Jean Cunningham, In the Chair.

Councillors T Harrison (Vice-Chair), M Ishtiaq, A Newhouse, A Royle and A Tatchell

OFFICERS

Ian Evenett	– Internal Audit Manager
Asad Mushtaq	– Head of Finance
David Donlan	– Accountancy Division Manager
Howard Hamilton-Smith	– Finance and Commercial Manager
Imelda Grady	– Democracy Officer

CO-OPTED MEMBERS

Louise Gaskell
Councillor Kathryn
Haworth
Councillor Gill Smith

EXTERNAL AUDITORS

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

1. Apologies

Apologies were received from Colin Crowther and Councillors Joanne Greenwood and Margaret Lishman.

2. Minutes

To Minutes of the meeting held on 8th March 2017 were approved as a correct record and signed by the Chair.

3. Annual Governance Statement

The Annual Governance Statement 2016/17 was submitted for approval.

Members were advised that the statement had been produced in accordance with the proper practice using guidance from CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives).

The strategic partner Liberata had also submitted a Certificate of Assurance covering the services they provide for Burnley Borough Council and no issues had been reported.

The Internal Audit Manager informed the Committee that no weaknesses had been identified in the process and no actions were required to be taken.

The statement had been signed off by the Council Leader and the Chief Operating Officer and would accompany the Council's Statement of Accounts.

RESOLVED:

That the Annual Governance Statement 2016/17 be approved.

4. Audit Findings Report

Karen Murray from the external auditors Grant Thornton presented the audit findings report for 2016/17 and confirmed that there were no issues that needed to be brought to the attention of the Committee and was satisfied that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The Value for Money assessment had concluded that the Council had proper arrangements in place to address any risks identified and that it could demonstrate delivery of value for money in its use of resources.

Karen drew the Committee's attention to the additional disclosure around the ethics workshops that Grant Thornton had facilitated and explained that it had been delivered by a separate audit team and there had been no conflict of roles of the Auditors.

She thanked the finance team for their assistance which had enabled the report to be completed ahead of time and that Burnley Council would be the first Authority in Lancashire to have its accounts signed off.

IT WAS AGREED:

That the report be noted.

5. Management Processes and those charged with governance

The Head of Finance explained that this report was the key communications tool between the external auditors and the Council 's Audit and Standards Committee as those charged with governance and management.

This two-way communication assisted all parties in understanding the audit and supported the Committee in fulfilling its responsibilities in relation to the financial reporting process.

IT WAS AGREED:

That the report be noted.

6. Statement of Accounts 2016/17

The Accountancy Division Manager presented the 2016/17 Statement of Accounts. In doing so he drew members attention to the Auditors report which had been added to the Statement of Accounts document at pages 13 -15; the added narrative in respect of an adjustment of an element of the Towneley Hall valuation which had been included twice in the prior year (page 34); a line added in to show the non-audit fees of £7k for the ethics and governance training (page 52); and to show the amended figures in the audit report and additional narrative(page 59).

The report on the Annual Governance Statement elsewhere on the agenda was be considered alongside the Statement of Accounts.

He said that the accounts showed a revenue outturn underspend of £377k and a balance at the end of the year on earmarked reserves of £8.032m, a General Balance of £1.379m and a Capital spend for the year of £6.8m.

He thanked the external Auditors for their assistance.

RESOLVED:

- (1) That the audited Statement of Accounts for 2016/17 be approved and signed by the Chair;
- (2) That the letter of representation to the External Auditor from the Head of Finance be approved and signed by the Chair and the Head of Finance; and
- (3) That the findings of the external auditor be noted.

7. Internal Audit Opinion

The Committee considered a report detailing the opinion of the Head of Finance as the Chief Audit Executive on the internal controls of the Council for the financial year 2016-17.

The Head of Finance confirmed that the controls of the Council continued to operate effectively, including compliance with policy, separation of duties, authorisation, monitoring and internal checks.

IT WAS AGREED

That the report be noted.

8. Internal Audit Charter Strategy

The Internal Audit Manager presented his report on the Internal Audit Charter and Plan for 2017/18.

Members were advised that the Charter needed to be revised periodically and was required to fulfil proper practice arrangements and provide a framework for good governance.

He drew members attention to the internal audit mission and its 10 core principals which had been adopted by the team and included in the Charter.

He informed members that the Audit Team had been involved in an external Peer Review and the outcomes of this exercise would be reported to the next meeting.

The audit plan at appendix 2 sought to identify any risks faced by the organisation and allocate sufficient days for associated assessments and activity to be completed.

Louise Gaskell asked if the Council was prepared for the changes to data protection that were being introduced in 2018 and it was confirmed that the audit team were developing arrangements for these changes and that the organisation would be compliant by the time the data protection rules changed.

RESOLVED:

- (1) That the changes to the Internal Audit Charter and Strategy be noted and approved;
and
- (2) That the Internal Audit Plan for 2017/18 be approved.

9. Regulation of Investigatory Powers Act inspection

Members considered a report detailing the outcome of the latest inspection by the Office of Surveillance Commissioner (OSC) and providing an update of authorisations issued under the Regulation of Investigatory Powers Act 2000 (RIPA).

The report detailed three recommendations made by OSC and the actions that had been taken.

There had been no surveillance activity necessitating authorisation under RIPA in the financial year 2016/17.

IT WAS AGREED:

That the recommendations made by the OSC and the update on authorisations issued under RIPA be noted.

10. Work Programme

Members gave consideration to the work programme for the committee for 2017/18 and noted that the Annual Governance Statement 2017/18 Arrangements and the Annual Accounts 2017/18 Arrangements would be moved from the March meeting to the January meeting; that the Annual Audit Letter would be submitted to the September meeting; and that the draft Annual Governance Statement 2017/18 would be taken to the March meeting.

IT WAS AGREED:

That the Work Programme be noted.

11. Exclusion of the Public

There were no public present for the following report.

12. Outside Bodies Audit Report

Member received an audit report prepared for an outside body. The outside body no longer traded and there was no way to progress the audit report.

IT WAS AGREED;

That the report be noted.