

Minutes of Accounts & Audit Committee

Meeting Date: Wednesday, 27 June 2012, starting at 6.30pm
Present: Councillor J Hill (Chairman)

Councillors:

I Brown	R Newmark
S Hore	M Thomas
G Mirfin	N C Walsh

In attendance: Director of Resources, Head of Financial Services and Anita McGoay (Audit Commission).

140 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors P Ainsworth, R Bennett, S Bibby and A Knox.

141 MINUTES

The minutes of the meeting held on 28 March 2012 were approved as a correct record and signed by the Chairman.

142 DECLARATIONS OF INTEREST

There were no declarations of interest at the meeting.

143 PUBLIC PARTICIPATION

There was no public participation.

The Chairman gave a brief resume of the Terms of Reference for the Accounts and Audit Committee, as there were several new Members on this Committee. He explained how this Committee was responsible for both internal and external audit and was there to ensure the Council had sound, adequate and efficient control of the finances.

He further explained the Committee's role in approving the Council's Annual Statement of Accounts.

144 ANNUAL GOVERNANCE STATEMENT

The Director of Resources submitted a report asking Committee to agree the Annual Governance Statement for 2011/12. Under the Accounts and Audit (England) Regulations 2011, the Council was required to ensure that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, which includes arrangements for the management of risk. The Council must conduct a review at least once a year of the effectiveness of its system of internal control and this Annual Governance Statement must accompany the Statement of Accounts.

The Director of Resources highlighted various aspects of the Governance Statement including the scope of responsibility, the purpose of the Governance Framework, the conduct of behaviour, policy and decision-making compliance, risk management, economy, efficiency and effectiveness, financial management and performance management. Also highlighted was the review of effectiveness which is informed by the work of Directors within the Authority who have responsibility for the development and maintenance and governance environment, the Internal Audit Annual Report and also by comments made by the external Auditors and other review agencies and inspectorates.

Reference was made to the checklist issued by the Audit Commission entitled "Protecting the Public Purse" which authorities were encouraged to use to ensure that they have found governance and counter fraud arrangements in place and that they are working as intended.

It was also reported that following the meeting of the Policy and Finance Committee on 12 June 2012, changes had been implemented as part of the Localism Act 2011, particularly around the Code of Conduct and the Standards Committee. These changes would take effect from the 17 July 2012, following ratification by Full Council. In addition the Council's Overview and Scrutiny Committee had been disbanded in April 2012.

The Director of Resources informed Committee that as a result of the review of the effectiveness of the governance framework the system of internal control she was pleased to report that no significant improvement opportunities had been highlighted.

RESOLVED: That Committee approve the Annual Governance Statement for 2011/12.

145 STATEMENT OF ACCOUNTS 2011/12

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts for 2011/12 subject to audit. The Accounts and Audit Regulations 2011 require Members to approve the statutory accounts by 30 September following the financial year-end. She informed Committee as good practice the Statement of Accounts would continue to be presented in their draft format for approval before the end of June as previously. The Audit Commission would then carry out their annual audit over the next few weeks and once this had been completed and any agreed amendments that may be required have been made the Statement of Accounts would be presented again in an audited format for approval once more by this Committee.

The Head of Financial Services highlighted various sections of the Statement of Accounts including the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement which shows the movement in the year on the different reserves held by the Council. He also highlighted the balance sheet and explained the main areas including assets and liabilities as well as useable and unusable reserves. He informed Committee that individual outturn reports for both Capital and Revenue would be submitted to service Committees over the next cycle of meetings for Councillors to consider.

With regard to general fund balances, it was important to maintain a healthy level of general fund balances to cover for unforeseen events and also provide a stable level of resources for future planning. The total usable reserves at 31 March 2012 were £6,041,762.

He informed Committee of details regarding the collection fund and the Council's capital expenditure, along with details of how capital schemes had been funded. This also included a number of schemes that would slip into 2012/13.

As part of the Statement of Accounts for 2011/12 there had been a number of changes in the preparation and presentation. These included:

- additional disclosures in respect of remuneration and exit packages;
- a specific requirement on whether the Authority's financial management arrangements conform with the Governance requirements of the CIPFA Statement on the role of Chief Financial Officer in Local Government;
- amendments to the related party disclosures that are required which includes greater guidance on its definition; and
- the adoption of the requirements of FRS30 Heritage Assets – this included showing on the Council's balance sheet Clitheroe Castle Keep, Ribchester Roman Baths, Civic Regalia and Clitheroe Museum collection.

The Head of Financial Services gave a general fund outturn performance table that showed the accounts in a format more akin to our Committee system which showed a surplus of £168,000 during the year which would be added to general fund balances. He highlighted the main variations for this surplus and outlined the main movements on the balance sheet between 2010/11 and 2011/12.

Committee appreciated the in-depth explanation of the Statement of Accounts for 2011/12 and thanked the Director of Resources and her staff for all their hard work in preparing them.

RESOLVED: That Committee approve the Statement of Accounts for 2011/12 as circulated, subject to audit.

146 CHANGES TO STANDARDS COMMITTEE

The Director of Resources submitted a report for Committee's information regarding the proposed transfer of responsibilities following the changes to the Standards regime, following the implementation of the Localism Act 2011 in relation to the Code of Conduct and Member Conduct.

She informed Committee that Policy and Finance Committee at its meeting on the 12 June 2012, had approved recommendations for the proposal to transfer the Council's duties relating to Member Conduct to the Accounts and Audit Committee. This would now be submitted to Full Council for approval.

RESOLVED: That the report be noted.

147 INTERNAL AUDIT ANNUAL REPORT 2011/12

The Director of Resources submitted a report informing Committee of the Internal Audit Annual Report for 2011/12. All new audit reports that had been produced during the year had been taking into account in informing the assurance opinion. Details were given, along with assurance levels, of the audits that had taken place and it was found that the Council's systems of internal control are generally sound and effective.

RESOLVED: That the report be noted.

148 INTERNAL AUDIT PROGRESS REPORT 2012/13

The Director of Resources submitted a report for Committee's information on the internal audit work progress to date for 2012/13. The report included a full internal audit plan for 2012/13 for Committee's information. The first couple of months of the year had been spent carrying out testing on the sundry debtor and general ledger system on transactions relating to 2011/12. The audit of the sundry debtor system was now complete and the report issued with an assurance level of substantial. Testing to date on the general ledger system had shown the level of control to be sound and effective.

The progress to date with the 2012/13 audit plan was satisfactory and as a number of new audits would be carried out this year an amount of time had been spent on identifying control systems in place and the potential hazards within these areas.

RESOLVED: That the report be noted.

RESOLVED: That by virtue of the fact that the following item of business be exempt information under Category 3 of Schedule 12A of the Local Government Act 1972, the press and public be now excluded from the meeting.

149 RISK MANAGEMENT – UPDATE ON RED RISKS

The Director of Resources submitted a report for Committee's information on the current areas of high risk for the Council as identified on the Risk Register. At the present time there was only one of these that related to the curbside waste paper and cardboard collection service currently being undertaken by Viridor and the complications surrounding the issue with the Lancashire County Council.

Regular monitoring of this risk would continue and Committee would be kept informed of any developments.

RESOLVED: That the report be noted and a progress report be submitted to this Committee in due course.

The meeting closed at 8.00pm.

If you have any queries on these minutes please contact Jane Pearson (414430).