



Minutes

AUDIT AND STANDARDS COMMITTEE

Date:	Thursday, 28 July 2016
Venue:	Town Hall, St Annes.
Committee Members:	Councillor John Singleton, JP (Chairman) Councillor David Donaldson (Vice Chairman) Councillors Delma Collins, Shirley Green, Roger Lloyd, Barbara Nash, Edward Nash.
Other Members:	Councillor Susan Fazackerley
Officers Present:	Allan Oldfield, Paul O'Donoghue, Ian Curtis, Sharon Wadsworth
Other Representatives:	Andrew Smith (KPMG)

1. Declarations of interest

Members were reminded that any disclosable pecuniary interests should be declared as required by the Localism Act 2011 and any personal or prejudicial interests should be declared as required by the Council's Code of Conduct for Members.

There were no declarations of interest on this occasion.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit and Standards Committee meeting held on 16th June 2016 as a correct record for signature by the Chairman.

3. Substitute members

The following substitutions were reported under Council procedure rule 24(c):

Councillor Shirley Green for Councillor Graeme Neale

Councillor Barbara Nash for Councillor Roger Small

Audit Decision Items

4. Governance Review

Ian Curtis, Head of Governance, presented an interim report requesting further engagement as part of the review of the operation of the new governance arrangements. As part of the voluntary Peer Review Challenge, in May 2016, it was suggested that engagement with the Institute of Local Government Studies at Birmingham University was the way forward for drawing upon best practices from other authorities. It was envisaged that the review process would commence in September 2016.

Following a brief discussion it was RESOLVED:

- 1) To invite John Cade from the Institute of Local Government Studies, University of Birmingham, to engage further with members and officers regarding the new governance arrangements and present a summary of his findings and any recommendations to the Audit and Standards Committee for consideration;
- 2) That the changes recommended as a result of the council's own internal review be considered in parallel with the report from the University of Birmingham; and
- 3) That any recommendations made by the committee with respect to any amendments to the governance system be presented to the council for its consideration in due course.

5. Report to those Charged with Governance (ISA 260) 2015/16

Andrew Smith, KPMG, presented the report to those charged with governance (ISA260). He explained that the report had been prepared by KPMG as the Council's external auditors, and summarised the key messages identified during the audit of the Council's financial statements for the year ended 31st March 2016. It also provided KPMG's assessment of the Council's arrangements to secure value for money in its use of resources. The report concluded that KPMG anticipated issuing an unqualified opinion on the Authority's financial statements by 30th September 2016 and that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Mr Smith brought to members' attention an additional matter that was an elector challenge of an item of expenditure in the accounts for 2015/16. As the item in question was of low value it was deemed that the impact of the findings would not change the auditors' opinion. Nevertheless the matter would be fully investigated.

Mr Smith expressed his thanks to the finance team for the accounts and working papers that they had prepared and was an excellent reflection on the team as no audit adjustments were required.

The Chairman took the opportunity to express his thanks and appreciation to Chris Paisley, from KPMG, for attending the Statement of Account workshop for members and the key officers for providing a strong financial reporting process, maintaining audit trails to a high standard and the monitoring of the periodic reviews of the financial positions.

Following questions the committee RESOLVED:

- 1) To note the External Auditor's Report to those charged with Governance for 2015/16, referred to as the ISA 260, and to thank KPMG for their work.
- 2) To note the work undertaken by the Council over the course of the last year resulting in a positive report from KPMG.

6. Annual Statement of Accounts 2015/16

Paul O'Donoghue, Chief Financial Officer, presented the Annual Statement of Accounts for 2015/16. He explained that the Section 151 Officer was responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA (Chartered Institute of Public Finance & Accountancy) / LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in United Kingdom (the Code), was required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2016.

He further advised that the statutory Annual Accounts and supporting financial statements were prepared in accordance with applicable laws and regulations and in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (The Code). It was pointed out to the Committee that the accounts for 2015/16 had been prepared and audited 2 months ahead of the current statutory deadlines which

allowed the accounts to be considered by the committee at the July meeting rather than at the usual meeting at the end of September.

The committee RESOLVED:

- 1) To approve the Statement of Accounts for 2015/16.
- 2) To thank the finance team for providing the accounts in a timely manner.

7. Management Representation Letter 2015/16

Paul O'Donoghue, Chief Financial Officer, presented the Management Representation Letter. He explained that on the conclusion of the audit of accounts the Council was required to provide the external auditor with a statement confirming that the Council had acted properly and with due regard to appropriate regulations and guidance in the preparation of financial statements, and that all material items had been disclosed to the auditors with all reasonable measures taken to minimise fraud and error.

Once agreed by committee the signed Management Representation Letter would be provided to KPMG, as external auditors.

It was RESOLVED to agree that the Management Representation Letter be signed by the Chief Financial Officer and by the Chairman of the Audit and Standards Committee and be provided to KPMG.

8. KPMG Audit Fee Letter 2016/17

Andrew Smith, KPMG, presented the Audit Fee Letter from KPMG for the forthcoming financial year. Mr Smith confirmed that the fees were in line with those set by the public sector audit appointments body.

It was RESOLVED to note the KPMG Audit Fee Letter for 2016/17.

Audit Information Items

The Committee received the following information item:

9. Strategic Risk Register Update

The committee noted the Strategic Risk Register Update in regards to the Cyber Attack Prevention Action Plan.

10. At the conclusion of the meeting Councillor Singleton requested that an update report on the planned steps that need to be taken to appoint an external auditor be presented to the next committee meeting.

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