

Audit Committee



Date	Tuesday, 29 June 2010
Venue	Town Hall, St. Annes
Committee members	Councillor John Singleton (Chairman) Councillor Linda Nulty (Vice-Chairman) Councillors Ben Aitken, Christine Akeroyd, Keith Hyde, Elizabeth Oades, Paul Rigby
Other Councillors	None
Officers	Phillip Woodward, Bernard Hayes, Paul O'Donoghue, Lyndsey Lacey
Other Attendees	Iain Leviston - KPMG

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

2. Substitute members

There were no substitutions.

3. International Financial Reporting Standards (IFRS) Project Progress Update

Paul O'Donoghue (Head of Finance) presented a further quarterly update on project progress made in relation to the introduction of the new (IFRS) financial reporting framework for the period up to end of May 2010.

In brief, the report summarised progress to date and the main focus of the work undertaken within the period. In addition, it detailed the list of project tasks outstanding/ongoing with projected target timescales, training undertaken/requirements together with details of further work to be undertaken to the end of 2011.

Mr O'Donoghue indicated that the project timescale had been extended by two months from 30 April to 30 June due to the fact that individual tasks on the project plan took longer than expected. He added that as a result of this, the Project Manager's post was extended to cover this period but that she was due to leave on 30 June. An exit plan had been prepared to ensure all outstanding items could be dealt with by the in-house team. The main areas of outstanding work were highlighted in the report circulated.

Councillor Nulty enquired why the project plan was behind schedule. Mr O'Donoghue stated that was essentially because the work was more extensive than originally anticipated in that the assets review and classification of all Fylde leases was on going

project. It was further compounded by the fact that the Project Manager's post was a fixed term contract. He added that as far as doing what we had to do, this was now complete.

Bernard Hayes further provided an assurance over the concerns raised. He stated that the work complied with the IFRS and suggested that Fylde was in a better position than other local authorities.

Councillor Nulty asked for the latest detailed project plan to be circulated to all members of the committee. Mr Hayes agreed to circulate the information at the earliest opportunity.

Councillor Akeroyd asked whether project training would be ongoing. Mr O'Donoghue confirmed that this would be the case.

Councillor Singleton commented on and enquired about the light touch review. Mr Hayes indicated that the council was still unclear about the expected date.

Following discussion the Committee RESOLVED:

1. To note the project progress on the implementation of the IFRS project
2. To present an update of the project plan to the next meeting of the committee
3. To provide members of the committee with a copy of the latest detailed project plan.

4. Annual Statement of Accounts 2009/10

Bernard Hayes (Finance Director and Section 151 Officer) presented a comprehensive report on the Council's Annual Statement of Accounts. In doing so, he made reference to the necessary technical nature of the accounts as required by the Code of Practice.

Members were reminded that the Council prepared its Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Statement of Recommended Practice (SORP) on Local Authority accounting in the UK.

A copy of the Statement of Accounts had previously been circulated.

The Chairman commenced the debate by thanking Mr Hayes and his team for their hard work in completing the accounts in a timely and professional manner.

Mr Hayes provided the committee with an overview of the various parts of the accounts and statements. Members were invited to go through the document page by page.

Mr Hayes made reference to the report submitted to Cabinet on the MTFS which provided members with an overview of the Council's financial position and outlook. He stated that overall it had been a satisfactory year with a positive outturn position. He added that there were still a significant number of financial uncertainties facing local government which in turn affected the Council's Medium Term Financial Strategy.

With regard to the government grant support, Mr Hayes indicated that local authorities had been advised of a likely 25% cut over a 4 year period from 2011 but there were uncertainties as to how this would be phased in. Along with the proposed freeze on Council tax from 2011, this presented serious risk to the MTFS. With regard to the proposed reserve for concessionary fares, Mr Hayes indicated that this still remained the subject of a legal challenge and was pending the outcome of the hearing. He further advised that a consultation paper was expected at the end of July which, hopefully, would clarify the position further on the transfer of responsibilities for this function to the County Council.

Members were advised that on the whole, the Council is in a better position than originally anticipated at budget time.

Councillor Nulty commented on the Council's under spend and suggested that it would be helpful for audit committee members to have sight of the report on the MTFS prior to the meeting next year.

Councillor Oades asked about the Council's spending on projects and whether there had been any cuts in this area. Mr Hayes confirmed that no instructions were given to stop spending in respect of any projects or services at this stage.

Discussions also took place about the concessionary travel scheme, pensions review, trade debtors, council tax arrears, writing off bad debts and the annual costs/ percentage of assets that are leased / owned.

Councillor Aitken made reference to (B13) of the balance sheet relating to debtors and sought clarification on the costs involved.

Following detailed consideration, the Committee RESOLVED:

1. To approve the Statement of Accounts for 2009/10.
2. To ask the appropriate scrutiny committee to look at spending trends on projects taking into consideration the current surplus.
3. To ask the Director of Finance to provide a written note to members prior to the next meeting of the committee detailing:
 - Information relating to (B13) of the balance sheet relating to debtors
 - The annual costs/ percentage of assets that are leased/ owned
 - Details of Council Tax arrears
 - Details of collection of trade debts / writing off debts.

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