

SOUTH RIBBLE BOROUGH COUNCIL**COUNCIL MEETING 30 SEPTEMBER 2015****REPORT OF THE GOVERNANCE COMMITTEE MEETING HELD ON 23 SEPTEMBER 2015***External Audit – The Audit Findings for South Ribble*

- Pleased that the External Auditors anticipated issuing an unqualified opinion on the financial statements and an unqualified Value for Money conclusion based on their review of our arrangements to secure economy, efficiency and effectiveness in our use of resources
- Mindful of the challenges presented by new legislation bringing forward the deadlines for the preparation and audit of financial statements from the 2017/18 audit but reassured that all parties were already preparing for this change
- Noted that our reserves were higher than those of some other local authorities but welcomed the view of the External Auditor that our position was a helpful one given the significant financial challenges facing all local authorities in future years
- Welcomed the excellent report and acknowledged that we should not be complacent about the achievement of yet another excellent External Auditor opinion

SRBC Audited Statement of Accounts 2014/15

- Pleased to note that there were only a very few minor misclassification and disclosure changes identified by the External Auditor which demonstrated the quality of the Shared Financial Services team
- Approved the Statement of Accounts for 2014/15 and authorised them for issue
- Authorised the Chief Executive and myself to sign the Letter of Representation at the end of the meeting for issue upon final completion of the outstanding areas of audit work & confirmation from the External Auditor of the unqualified opinion

Internal Audit – First Internal Audit Interim Report as at 28 August 2015

- Received a report of the progress made on the South Ribble and Shared Services Internal Audit Plans and an appraisal of the Internal Audit Service's performance to date
- Understood that re-profiling of the Internal Audit Service work programme was required in the course of the year at the request of individual service areas which inevitably impacted negatively on two of the performance indicators early in the year, but assured that these would recover in later quarters
- Welcomed the positive report, particularly the excellent achievement of 100% of management actions agreed which, as the committee is aware, is not within the direct control of the Internal Audit Service

Treasury Management Activity Mid Year Review 2014/15 (item 9 on Council agenda)

- Received a report outlining performance in the last five months and compliance with prudential indicators and recommending a number of proposed changes to Prudential and Treasury Indicators
- Informed that due to the fact that we now had more cash available for investment than originally approved by Council in March 2015, changes to the Prudential & Treasury Indicators were being updated at this time in line with best practice
- Agreed to recommend to Council that the changes to Prudential and Treasury Indicators should be approved

Review of Investment Counterparties 2015/16 (item 10 on Council agenda)

- Noted a benchmarking report from Capita Asset Services (Our Treasury Management Advisors) indicating that, across their group of local Authority clients, South Ribble were slightly below average in terms of the overall rate of return on their investments
- Received a report summarising a review of investment options and proposing an updated list of Investment Counterparties intended to provide a more flexible approach and facilitate potentially a higher rate of investment
- Assured by the Cabinet Member and the Financial Services team that the proposals were intended to offer additional options and greater flexibility with a view to increasing return without risking security or liquidity
- Received an explanation of each of the categories of investment counterparty and noted that a number of them (Certificates of Deposit (CDs), Enhanced Money Market Funds/Enhanced Cash Funds and Property Funds) were new to members and officers
- Informed that the intention of the report was to gauge members' appetite for broadening the current options available before further work was undertaken by officers on a more detailed basis
- Reassured that there was no proposal to change the existing process and systems for approving investment decisions & placing cash investments and that no investment would be made before appropriate due diligence was undertaken
- Agreed to recommend that Council approve a revised list of Investment Counterparties for the remainder of 2015/16

Forward Plan

- Noted the Forward Plan without further debate

I hereby commend the report to Council.

COUNCILLOR ALAN OGILVIE
CHAIRMAN OF THE GOVERNANCE COMMITTEE