

**SOUTH RIBBLE BOROUGH COUNCIL****COUNCIL MEETING 05 OCTOBER 2016****REPORT OF THE GOVERNANCE COMMITTEE MEETING HELD ON 21 SEPTEMBER 2016****External Audit Findings – Year Ending 31 March 2016**

On the Statement of Accounts, the Auditor intends to issue an unqualified audit opinion with only a few minor misstatements being observed – none of which materially affected the final figures. However, a qualified Value For Money conclusion has been issued due to the on-going governance issues associated with the draft Scrutiny Report on Licensing. Consequently, the Auditor will now give further consideration over the next few months to any potential use of Statutory Powers as those issues are dealt with.

**Internal Audit Review**

Good progress to date on 2016/17 audit plan. Committee was pleased to see confirmation of the inclusion, later in the year, of the requested repeat audits on Licensing, Flex-time and Overtime.

**Statement of Accounts (SOA)**

This consists of 3 elements (Annual Governance Statement (AGS), Statement of Accounts and the Letter of Representation). Sign off of all three is dependent on, firstly, the AGS being accepted. The Committee felt unable to accept the AGS due to the action plan resulting from the Licensing issues requiring significant actions that were the responsibility of the Interim CEO (ICEO). In order to obtain an understanding of the ICEO's view and approach to those actions, the Committee agreed to have a special Governance meeting shortly after the Council meeting on 5<sup>th</sup> October to seek clarification and reassurance from the ICEO of his/her intentions and, at that meeting, sign off the three elements of the SOA. This means that the Committee was unable to authorise the approval of the SOA by the due date of 30 September. The Committee also highlighted the urgent need to identify/appoint a S151 Officer to facilitate the sign off.

**Revenue & Capital Budget Monitoring**

Committee was pleased to note that overall income levels were improving, particularly in relation to investment interest. However, the Committee was disappointed that the report stated, at this early stage of the annual cycle, that the full-year efficiency saving targets would not be achieved although this is somewhat offset by staff vacancy savings. Earliest visibility of the plan to address the Council's forecast deficit via the 2017/18 budget process is eagerly awaited – changes to New Homes Bonus and Business Rates Retention pose potential increased risk. The Committee was also disappointed that the Capital Expenditure programme for 2016/17 already showed a re-phasing of circa 40% into 2017/18.

**Treasury Management Strategy Mid-Year Review**

Committee recommended that Council approve an update to two Prudential Indicators and one Treasury Indicator to reflect the likely capital expenditure forecast as well as increased cash available for investment.

**Flexi-Time & Overtime Assurance**

Due to late availability of the paperwork the Committee deferred this item until the November meeting.

**Appointment & Employment Panel**

The Committee recommended that Council approve, in accordance with an imminent new national procedure, the establishment of an Appointment & Employment Panel for Senior Officers (CEO, S151 & MO). This would be co-ordinated with the Disciplinary Panel that Council approved earlier this year.

I hereby commend the report to the Council.

COUNCILLOR ALAN OGILVIE

CHAIRMAN OF THE GOVERNANCE COMMITTEE.