

SOUTH RIBBLE BOROUGH COUNCIL

Governance Committee

Meeting held at 6.00pm on Wednesday, 24th September, 2014 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Present:-

Councillors W Bennett (in the chair), Foster, Nelson, Ogilvie and Patten

In Attendance:-

Garry Barclay (Head of Shared Assurance Services), Carol Eddleston (Democratic Services Officer), Susan Guinness (Head of Shared Financial Services), Dawn Highton (Principal Auditor), Lee Hurst (Principal Systems and Financial Accountant) and Ian Parker (Director of Governance and Business Transformation)

Councillor Robinson, Cabinet Member for Finance and Resources, and Councillor Mrs Smith, Leader of the Council

Fiona Blatcher and Gareth Winstanley, representatives of the council's external auditors Grant Thornton

Officers:-

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Other Members:-

Councillors P Smith and Titherington

Minute No.	Description/Resolution
11	<p>Apologies for Absence</p> <p>An apology for absence was submitted on behalf of Councillor Clark.</p>
12	<p>Declarations of Interest</p> <p>There were no declarations of interest.</p>
13	<p>Minutes of the Last Meeting</p> <p>RESOLVED (unanimously); That the minutes of the meeting held on 25 June 2014 be approved as a correct record and signed by the chairman.</p>
14	<p>Revised Whistleblowing Policy</p> <p>The Leader presented the report and policy which had been updated to take account of recommendations in the recently published national Whistleblowing Code of Practice. The policy was part of a comprehensive suite of Council anti-fraud and corruption policies.</p> <p>The Leader and the Director of Governance and Business Transformation responded to questions. This authority had no history of whistleblowing. Under the policy, suspected fraud would be reported to the Head of Shared Assurance Services as the service area appropriately skilled to investigate any such reports. As all local authorities were obliged to have a whistleblowing policy, contractors and suppliers would be made aware of it and other relevant policies but thought would be given to how the public might be made aware of them.</p>

	<p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> 1) the revised Whistleblowing Policy be adopted, and 2) consideration be given to how to raise public awareness of the Council's suite of anti-fraud and corruption policies.
15	<p>Internal Audit - 1st Interim Report</p> <p>The Principal Auditor presented the report which advised on progress made on South Ribble and Shared Financial Services Internal Audit Plans, gave an appraisal of the Internal Audit Service's performance to date and informed members of any general developments involving or impacting on the work or performance of the service. Feedback received on the new assurance ratings so far had been excellent.</p> <p>The Principal Auditor responded to questions.</p> <p>Following the audit of data quality a sub-group of the Core Managers Group was currently looking at all the authority's performance management data with a view to identifying improvements. The audits identified in Appendix 1 as 'ongoing' were nearing completion and would be reported on in the next report to committee. Management actions were currently being implemented following spot checks carried out on the flexi time system.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> 1) the report be noted; 2) the committee welcome the fact that the majority of indicators have either been achieved or exceeded, and 3) the committee applaud that all members of the Internal Audit team are now professionally qualified.
16	<p>External Audit - Audit Findings Report</p> <p>Fiona Blatcher of the Council's external auditors Grant Thornton, presented what she said was a very positive report and said she was pleased to confirm that the outstanding areas of work referred to on page 5 had now been completed to the auditors' satisfaction. She confirmed that the council's Value for Money arrangements presented a very positive picture, as they indeed had done for a number of years. The external auditors had looked at the council's City Deal arrangements and were satisfied that we had appropriate governance arrangements in place and that our financial commitments were being appropriately managed.</p> <p>A very few amendments to the accounts had been necessary mainly due to the introduction of changed arrangements for IAS19 costs. This meant that the Comprehensive Income and Expenditure Statement for 2012/13 had to be restated along with Note 10 which included pension interest costs.</p> <p>Referring to 'Judgements and estimates' on pages 12-13, Ms Blatcher brought the committee's attention to a policy change relating to the valuation of assets but confirmed that Grant Thornton was satisfied that this authority's arrangements meant that the asset values quoted were correct as of 31 March 2014.</p> <p>Ms Blatcher responded to questions.</p> <p>The Financial Resilience Report issued last year which included benchmarking information was unique to Grant Thornton as a way of adding value to the audit but it had been decided that a new report would not show a greatly different picture.</p>

	<p>The external auditors considered it helpful to look at the general fund reserve balance and the earmarked reserves as a single total (£14.278m), although the two had been separated out in last year's report.</p> <p>Lessons learned from this year's audit and the final audit fee would be discussed with our senior managers. The committee joined Councillor Robinson in thanking Jane Blundell and Lee Hurst in particular for the extra work that they had put in to facilitate the successful completion of the audit given internal resourcing issues experienced by Grant Thornton in this audit.</p> <p>The assessments against accounting policies, estimates and judgements presented from page 12 onwards were made against the same indicators as in 2012/13 but were presented this year in a summarised form.</p> <p>Councillor Robinson was pleased with the external auditors' findings on our Value for Money arrangements. Given the ongoing pressure of the funding gap, this council had an exceptionally strong track record in identifying efficiencies and savings without the need to reduce services or incur redundancies. City Deal would hopefully produce great results for the area. It was currently being funded by the county council but in due course new income derived from housing would have to be invested in City Deal.</p> <p>In responding to questions about the auditors' attitude to the forecast budget gap, Ms Blatcher explained that looking at the council's medium term financial plan in conjunction with our track record did not give the external auditors any reason to believe that the council would not deliver. This, together with the healthy level of reserves held by the Council, provided a useful base to help the Council meet future funding gaps.</p> <p>Councillor Robinson pointed out that this council had continued to look ahead four years at a time and projecting the budget gap was based on knowledge and information available at the point of making the projections. As central government had now reduced its forecasting to two years, it was increasingly difficult for local authorities to forecast further ahead. Ms Blatcher said that this was flagged up as a major risk in a national report on financial resilience that Grant Thornton had produced. Mr Winstanley said that he would be happy to provide the committee with a copy of last year's report and this year's when it was available (by early 2015).</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> 1) the report be noted; 2) the committee welcome the positive findings in the report about the council's current position, its track record of sound financial performance and its healthy level of revenue reserves, and 3) all SRBC staff involved in the audit be thanked for their hard work and additional support provided by them in view of internal resourcing issues experienced by Grant Thornton.
17	<p>SRBC Statement of Accounts 2013/14</p> <p>The Principal Systems and Financial Accountant presented the audited statement of accounts 2013/14 and outlined some changes that had had to be made to some of the statements and accompanying notes since the draft statements were originally presented to committee. These related to the restatement of IAS 19 pension costs for 2012/13 due to changes in the accounting standard.</p> <p>The committee welcomed the news from Councillor Robinson that a national exercise was underway to examine the way local authority statements of accounts were presented with a view to simplifying them.</p>

	<p>RESOLVED (unanimously that):</p> <p>1) the committee approve the Statement of Accounts for 2013/14 as contained in Appendix A and authorise for issue by means of their signing by the Chief Executive and chairman of the committee, and</p> <p>2) authorise the Chief Executive and the chairman of the committee to sign the Letter of Representation contained in Appendix B.</p>
18	<p>Review of Constitution 2014/15</p> <p>The committee was asked to agree Constitution Task Group meetings for the 2014/15 review as follows:</p> <p>(i) Changes required as a result of the Boundary Review and scoping of the Protocol for Members Involved in Partnerships – Thursday 9 October, 6.00pm</p> <p>(ii) Protocol for Members Involved in Partnerships – Thursday 13 November, 6.00pm</p> <p>Members acknowledged that the protocol was a major piece of work and would require careful scoping. It would include consideration of how any partners' own protocols/codes of conduct would be dealt with in relation to our own.</p> <p>RESOLVED (unanimously): That the meeting dates for the 2014/15 review of the Constitution be as outlined above.</p>
19	<p>Forward Plan</p> <p>The committee noted the forward plan without further debate.</p>

The meeting finished at 7.02pm.

..... Chairman