

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Shared Services Joint Committee	8 <sup>th</sup> June 2016



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Financial & Assurance Shared Services Annual Accounts 2015/16	N/A	Susan Guinness	7

## SUMMARY AND LINK TO CORPORATE PRIORITIES

This report contains the Accounting Statements for the year ended 31<sup>st</sup> March 2016 in preparation for the “light touch” audit inspection to be undertaken and reported to Joint Committee on 12<sup>th</sup> September 2016.

**The Shared Services Partnership is a high corporate priority for both Councils.**

## RECOMMENDATIONS

That members approve the 2015/16 Accounting Statements below.

## DETAILS AND REASONING

Members of the South Ribble and Chorley Councils Joint Committee previously approved the use of the Accounting Statements below as a means to providing transparency and inspection to its financial arrangements. It was also agreed that the light touch inspection will be undertaken by the Internal Audit Team within Shared Assurance Services as part of their future Internal Audit Plans.

The Local Audit & Accountability Act 2014 brought with it changes to the external audit requirements of joint committees and the Department for Communities & Local Government (DCLG) gave notification that from 1<sup>st</sup> April 2015 joint committees are no longer required to have their accounts separately prepared and audited.

The statements below are based on actual expenditure incurred against cash budgets only, they do not include central overhead recharges.

## WIDER IMPLICATIONS

<b>FINANCIAL</b>	The financial implications arising from this report, that is, the recharge of the service to each Council has been accommodated in each Councils’ approved budget report for 2015/16.
<b>LEGAL</b>	The revised audit approach covered by this report demonstrates the Joint Committee’s compliance with the Local Audit & Accountability Act 2014.
<b>RISK</b>	There are no risks associated with this report as the Joint Committee’s financial accounts are included within each Council’s Statement of Accounts and are therefore audited as part of each Council’s external audit processes.
<b>OTHER (see below)</b>	

<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## **BACKGROUND DOCUMENTS**

Local Audit & Accountability Act 2014

Revised Audit Arrangements – Joint Committee Report – January 2016

## Section 1 – Accounting Statements for 2015/16

### Budget Out-turn Statement

Description	Budget £	Out-turn £	Variation £	Explanation
Employee Costs	1,365,000	1,286,190	78,810	Underspend brought about by staffing vacancies
Transport	12,000	9,842	2,158	Less car mileage costs incurred than originally budgeted for as some staff chose not claim back expenses for traveling between sites
Supplies and Services	62,000	55,689	6,311	An amalgamation of small budget variances over 30+ expenditure lines
LCC Audit Budget	13,000	13,000	-	On budget
Financial Management Information System	70,000	69,046	954	On budget
<b>TOTAL</b>	<b>1,522,000</b>	<b>1,433,767</b>	<b>88,233</b>	
<b>Funded By:-</b>				
CBC		(692,447)		The difference in the charges between CBC and SRBC are attributable to the following:- <ul style="list-style-type: none"> <li>• Structure within the Management Accounting Teams</li> <li>• Pension Contribution Rates</li> <li>• FMIS historic cost agreements</li> </ul>
SRBC		(741,320)		
Total Funding		(1,433,767)		

## Out-turn Allocation Statement

Description	TOTAL OUT-TURN £	SRBC OUT-TURN £	CBC OUT-TURN £	Explanation
Employee Costs	1,286,190	673,963	612,227	(1) The structure of the Management Accountancy Teams vary at each Council (2) Different Pension Contribution and Deficit Recovery Rates (3) Budget savings achieved due to vacant posts are also different.
Transport	9,842	4,986	4,856	
Supplies and Services	55,689	26,972	28,717	There are some differences in processes e.g:- (1) cost of cheques for SRBC, and (2) CBC incurred some consultancy costs for the initial development of the Extra Care Scheme.
LCC Audit Budget	13,000	6,500	6,500	
Financial Management Information System (FMIS)	69,046	28,899	40,147	(1) SFS are responsible for managing ICON (income management system) at CBC. This is delivered via Revenues Plus at SRBC. (2) An adjustment is also made to take account of historic FMIS price agreements that have been rolled forward.
<b>TOTAL</b>	<b>1,433,767</b>	<b>741,320</b>	<b>692,447</b>	

## Section 2 - Annual Governance statement 2015/16

We acknowledge that as members of *CHORLEY AND SOUTH RIBBLE SHARED SERVICES JOINT COMMITTEE* our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed -		'Yes' Means that the body:
	Yes	No*	
We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	Yes		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant effect on the ability of the body to conduct its business or on its finances.	Yes		Has only done what it has the legal power to do and has complied with proper practices in doing so.
We provided proper opportunity during the year for the exercise of elector's rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes		During the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes		Considered the financial and other risks it faces and has dealt with them properly.
We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	Yes		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
We took appropriate action on all matters raised in audit reports.	Yes		Responded to matters brought to its attention.
We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	Yes		Disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

Dated:     /     /

Signed by:

Chair

Dated             /     /

Signed by:

Clerk

Dated             /     /

\*Note: Please provide explanations to the auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.

# Section 3 - Annual Internal Audit Report 2015/16 to

## CHORLEY AND SOUTH RIBBLE SHARED SERVICES JOINT COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.			
B. The Body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The annual taxation or levy or funding requirement resulted from an adequacy budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.			
H. Assets and investments registers were complete and accurate and properly maintained.			
I. Periodic and year-end bank account reconciliations were properly carried out.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.			

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit:

Signature of person who carried out the internal audit:  Date:     /     /

\*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).  
 \*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).