

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	12 th September 2016



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Internal Audit of the Financial & Assurance Shared Services Annual Accounts 2015/16	N/A	Garry Barclay	

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report contains the results of the “light touch” audit inspection undertaken of the Financial & Assurance Shared Services annual accounts for 2015/16.

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

RECOMMENDATIONS

That the report be noted

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.

On the basis of Internal Audit’s review, in our opinion the information in the annual statement is in accordance with proper practices and no matters have come to our attention giving cause for concern. Shared Service partnership charges have been raised and apportioned appropriately.

A summary of the results of the work undertaken by Internal Audit are reported below:

- A reconciliation of charges reported on the 2015/16 Joint Committee annual statement and in the corresponding financial records was undertaken satisfactorily. All variances are fully explained.
- Shared Service charges are raised as per the 50/50 agreed split in costs as recorded in the Shared Services Administrative Collaboration Agreement dated 23/12/08. However, the management accountancy employee costs are historically charged to reflect the different structures at each Council.
- Pension costs are also recharged on an actual basis as opposed to a straight 50/50 split to reflect the particular pension contributions and deficit recovery rates applicable to each Council. This is to prevent either Council in effect subsidising the financial impact of past decisions made.
- Clear and concise recording of charges raised for each individual Council is undertaken and explanations for the allocation of each liability is recorded in the financial records. Shared Service charges have been allocated appropriately.

- Individual costs incurred for an item or service that is used solely for one Council are recharged as appropriate.
- The charges payable by each Council have been raised appropriately on Authority Web.
- The Shared Services partnership's gross expenditure of £1.43m was reported accurately in the 2015/16 Statement of Accounts

WIDER IMPLICATIONS

FINANCIAL	There are no financial implications arising from this report.		
LEGAL	The revised audit approach covered by this report demonstrates the Joint Committee's compliance with the Local Audit & Accountability Act 2014.		
RISK	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.		
OTHER (see below)			
<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

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
TOTAL	1,522,000	1,433,767	88,233	
Funded By:-				
CBC		(692,447)		The difference in the charges between CBC and SRBC are attributable to the following:- <ul style="list-style-type: none"> • Structure within the Management Accounting Teams • Pension Contribution Rates • FMIS historic cost agreements
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.
TOTAL	1,433,767	741,320	692,447	