

SHARED SERVICES JOINT COMMITTEE

THURSDAY, 7TH FEBRUARY, 2019, 6.00 PM

CROSS ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND PR25
1DH

SUPPLEMENTARY AGENDA

I am now able to enclose, for consideration at the above meeting of the Shared Services Joint Committee, the following information:

**4 Financial and Assurance Shared Services Annual
Accounts 2017-18**

(Pages 31 - 34)

Report of the Interim Head of Shared Assurance Services
(Audit and Risk) attached.

Heather McManus
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Shared Services Joint Committee

This page is intentionally left blank

REPORT TO	ON
Shared Services Joint Committee	7 February 2019



TITLE	REPORT OF
Inspection of the Financial & Assurance Shared Services Annual Statements 2017/18	Interim Head of Shared Assurance Services (Audit and Risk)

Is this report confidential?	No
------------------------------	-----------

1. PURPOSE OF THE REPORT

To provide to members the result of the Internal Inspection by Internal Audit of the Financial & Assurance Shared Services year-end financial statements 2017/18.

2. RECOMMENDATIONS

2.1 That Members consider the findings within the report and note its contents.

3. EXECUTIVE SUMMARY

3.1 The Shared Services Partnership is a high priority for both Councils. The implementation of the Local Audit & Accountability 2014 identified changes to the external audit arrangements of joint committees by removing the requirement for a formal external audit. It was agreed by Members that an internal inspection should be undertaken to provide the Shared Services Joint Committee with assurance in respect of the integrity of the partnerships year-end financial statement. The inspection was agreed to be a “light touch” inspection. This inspection has been undertaken for 2017/18 and this report seeks to provide that assurance. Internal Audit have undertaken the work as part of the Audit Plan for 2018/19.

4. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Excellence and Financial Sustainability	x
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
--------	--

5. **BACKGROUND TO THE REPORT**

- 5.1 The Local Audit & Accountability Act 2014 removed the requirements in respect of the external audit of joint committees and permitted other options. The Members of the Shared Services Joint Committee took the decision for a light touch inspection to be undertaken by Internal Audit in order to provide assurance in respect of the integrity of the partnerships year-end financial statements. This has been undertaken by Internal Audit for the year-end 2017/18.
- 5.2 The host authorities are individually subject to extensive external and internal audit processes, the main purpose of the Joint Committee's light touch inspection is to ensure that the financial data contained within its accounts has been correctly extracted from those of the host authorities.
- 5.3 The opportunity was also taken to include additional checks on the calculation and apportionment of costs (both budgeted and out-turn) between the 2 host authorities to ensure that they are in accordance with the agreed bases.

6. **SHARED SERVICES ANNUAL STATEMENT 2017/18**

- 6.1 Internal Audit has formed an opinion as part of the review that, the information extracted from the financial system had been correctly presented in the year-end financial statements for 2017/18 and that the processes in place provide **Full Assurance** in regard to the control environment. Further, it has been confirmed that Shared Service partnership charges have been raised and apportioned appropriately.
- 6.2 It was identified from the testing that:-
- All charges were correctly stated within the 2017/18 joint committee annual statement and variances fully explained;
 - Pension costs were verified and reflected the pension contribution and deficit recovery rates applicable to each Council;
 - 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 services charges have been allocated appropriately;
 - Individual costs incurred for items or services that are used solely for one Council are recharged as appropriate;
 - The charges payable by each Council have been raised accurately on Authority Web;
 - The Shared Services Partnership gross expenditure of £1.58m was reported accurately in the 2017/18 Statement of Accounts;
 - Shared Services charges are raised per the agreed 50/50 split;
 - Management Accountancy employee costs are charged reflective of the different structures at each Council
- 6.3 The Shared Services partnership's gross expenditure of £1.58m was reported accurately in the 2017/18 Statement of Accounts

8. FINANCIAL IMPLICATIONS

8.1 There are no financial implications arising from this report.

9. LEGAL IMPLICATIONS

9.1 The approach agreed to by the Shared Services Joint Committee is compliant with the Local Audit & Accountability Act 2014, in that it removed the requirement for an external inspection and provided for other options. This internal inspection complies with those other options requirements.

10. COMMENTS OF THE STATUTORY FINANCE OFFICER

10.1 The Internal Audit review provides assurance the Section 151 officer that costs associated with the Shared Service agreement are appropriately apportioned between the two organisations.

10.2 The Council continue to review the operation of shared services resources to maximise future efficiencies.

11. COMMENTS OF THE MONITORING OFFICER

11.1 The purpose of the report is to provide members with assurance with regard to the integrity of the year end financial statements for Shared Services. There are no concerns from a Monitoring Officer perspective.

12. OTHER IMPLICATIONS:

► Risk	The independent review of the financial accounts ensures that risks in regard to the integrity of the financial statement, appropriateness of the apportionment of charges and recharges are mitigated and protects the Council from risk of financial, legislative and reputational harm should the accounts not be inspected.
---------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

13. BACKGROUND DOCUMENTS (or There are no background papers to this report)

Local Audit & Accountability Act 2014

14. APPENDICES

Appendix A

Report Author:	Telephone:	Date:
<i>Janice Bamber</i> Interim Head of Audit & Risk	01772 625272	31/01/2019

Appendix A

Section 1 – Accounting Statements for 2017/18

Budget Out-turn Statement

Description	Budget £	Outturn £	Carry Forward £	Variation £	Explanation
Employee Costs	1,443,000	1,440,827		2,173	On budget
Transport	11,000	10,329		671	On budget
Supplies & Services *	64,000	53,238		10,762	On budget
LCC Audit Budget	12,000	4,355	(7,345)	300	On budget
Financial Management Information System	72,500	72,576		(76)	On budget
Financial System Projects	52,500	22,310	(34,260)	(4,070)	On budget
Income	0	(37)		37	On budget
TOTAL	1,655,000	1,603,598	(41,605)	9,797	
Funded By:					
Chorley Borough Council		784,212			
South Ribble Borough Council		819,386			
Total Funding		1,603,598			

Out-turn Allocation Statement

Description	TOTAL OUT-TURN £	CBC OUT-TURN £	SRBC OUT-TURN £	Explanation	Explanation	Explanation
Employee Costs	1,440,827	693,862	746,965	(1) The structure of the Management Accountancy Teams vary at each council.	(2) Different pension Contribution and Deficit Recovery Rates	(3) Secondment of Head of Shared Financial Services to Section 151 post at SRBC and subsequent staff changes to cover.
Transport	10,329	5,002	5,327			
Supplies & Services	53,238	29,463	23,776	(1) There are some differences in processes, e.g. company checks.	(2) Cost of professional advice at each council, e.g. legal fees, consultancy fees and company checks	
LCC Audit Budget	4,355	2,178	2,178			
Financial Management Information System	94,886	53,726	41,159	(1) An adjustment is also made to take account of historic FMIS price agreements that have been rolled forward.	(2) Some FMIS projects were implemented at CBC only	
Income	(37)	(19)	(19)			