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| --- | --- | --- |
| **REPORT TO** | **ON** | |
| **Shared Services Joint Committee** | 7 February 2019 | |
|  | | |
| **TITLE** | | **REPORT OF** | |
| Financial and Assurance Shared Services Annual Accounts 2017-18 | | Deputy Chief Executive (Resources & Shared Services Transformation) | |

|  |  |
| --- | --- |
| Is this report confidential? | **No** |

1. **PURPOSE OF THE REPORT**

This report contains the Accounting Statements and associated Governance and Internal Audit Statements for the year ended 31st March 2018 in preparation for the “light touch” audit inspection to be undertaken and reported to Joint Committee on 7th February 2019.

1. **RECOMMENDATIONS**

2.1That members approve the 2017-18 Accounting Statements below.

1. **EXECUTIVE SUMMARY**

The outturn position for Financial and Assurance Shared Services is £1.604 million which represents an under spend of £0.051 million against the partnership budget.

1. **CORPORATE PRIORITIES**

The report relates to the following corporate priorities:

|  |  |
| --- | --- |
| Excellence and Financial Sustainability |  |
| Health and Wellbeing |  |
| Place |  |

Projects relating to People in the Corporate Plan:

|  |  |
| --- | --- |
| People |  |

**5. BACKGROUND TO THE REPORT**

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.

This approach has been successfully used for the 2015-16 and 2016-17 Shared Services accounts.

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

**6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

**6.1 Accounting Statements for 2017-18** **- Budget Outturn Statement**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Budget £** | **Outturn £** | **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 | Accumulation of small variances |
| LCC Audit Budget (1) | 12,000 | 4,355 | 7,645 | See (1) below |
| Financial Management Information System (2) | 72,500 | 72,576 | (76) | On budget |
| Financial System Projects (3) | 52,500 | 22,310 | 30,190 | Financial System Projects are ongoing |
| Income | 0 | (37) | 37 | On budget |
| **TOTAL** | **1,655,000** | **1,603,598** | **51,402** |  |
| **Funded By:** |  |  |  |  |
| Chorley Borough Council |  | 784,212 |  |  |
| South Ribble Borough Council |  | 819,386 |  |  |
| **Total Funding** |  | **1,603,598** |  |  |

1. Carry forward of the under-spend has been agreed to fund maternity cover within the Shared Assurance Team.
2. Carry forward of the under-spend has been agreed for completion of key Business Improvement projects.
3. Budget and actuals include carry forward from 2016-17.

**6.2 Accounting Statements for 2017-18** **- Outturn Allocation Statement**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **TOTAL OUT-TURN £** | **CBC OUT-TURN £** | **SRBC OUT-TURN £** | **Explanation** |
| Employee Costs | 1,440,827 | 651,819 | 789,008 | 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 specific to each council, e.g. legal fees, consultancy fees. |
| 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 price agreements that have been rolled forward. 2. PCI-DSS upgrade implemented at CBC only. |
| Income | (37) | (19) | (19) |  |
| **TOTAL** | **1,603,598** | **784,212** | **819,386** |  |

**6.3 Annual Governance Statement 2017-18**

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, that to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31st March 2018, 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. |
| 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 noncompliance 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. |

\* Note: Please provide explanations to the auditor on a separate sheet for each ‘No’ response.

Describe how the council will address the weaknesses identified.

**7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

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7.1No consultation is required.

**8. Financial implications**

* 1. The financial implications are contained within the body of the report.

**9. LEGAL IMPLICATIONS**

* 1. See comments of the Monitoring Officer.

**10. COMMENTS OF THE STATUTORY FINANCE OFFICER**

10.1 The detailed accounting transactions are contained within each Council’s general ledger and are therefore subject to external audit inspection as part of the closure of accounts process. This includes the performance against the Shared Services budget within each Councils’ budget and Medium Term Financial Strategy. As the statements above are held within each Councils’ accounting systems, Shared Services has no separate bank account and does not hold any reserves.

**11. COMMENTS OF THE MONITORING OFFICER**

* 1. There are no concerns to raise from a Monitoring Officer perspective. The purpose of the report is to provide transparency with regard to our shared services arrangements.

**12. OTHER IMPLICATIONS:**

|  |  |
| --- | --- |
| * **HR & Organisational Development** * **ICT / Technology** * **Property & Asset Management** * **Risk** * **Equality & Diversity** | *None*  *None*  *None*  *None*  *None* |

**13. BACKGROUND DOCUMENTS**

There are no background papers to this report.

**14. APPENDICES**

There are no appendices to this report.

Tim Povall

Deputy Chief Executive (Resources and Shared Services Transformation)

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| Report Author: | Telephone: | Date: 28/01/2019 |
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