

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
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### 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 7<sup>th</sup> February 2019.

### 2. RECOMMENDATIONS

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

### 3. 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.

### 4. 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	
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### 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 <sup>(1)</sup>	12,000	4,355	7,645	See <sup>(1)</sup> below
Financial Management Information System <sup>(2)</sup>	72,500	72,576	(76)	On budget
Financial System Projects <sup>(3)</sup>	52,500	22,310	30,190	Financial System Projects are ongoing
Income	0	(37)	37	On budget
<b>TOTAL</b>	<b>1,655,000</b>	<b>1,603,598</b>	<b>51,402</b>	
<b>Funded By:</b>				
Chorley Borough Council		784,212		
South Ribble Borough Council		819,386		
<b>Total Funding</b>		<b>1,603,598</b>		

<sup>(1)</sup> Carry forward of the under-spend has been agreed to fund maternity cover within the Shared Assurance Team.

<sup>(2)</sup> Carry forward of the under-spend has been agreed for completion of key Business Improvement projects.

<sup>(3)</sup> 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	<ul style="list-style-type: none"> <li>(1) The structure of the Management Accountancy Teams vary at each council.</li> <li>(2) Different pension Contribution and Deficit Recovery Rates</li> <li>(3) Secondment of Head of Shared Financial Services to Section 151 post at SRBC and subsequent staff changes to cover.</li> </ul>
Transport	10,329	5,002	5,327	
Supplies & Services	53,238	29,463	23,776	<ul style="list-style-type: none"> <li>(1) There are some differences in processes, e.g. company checks.</li> <li>(2) Cost of professional advice specific to each council, e.g. legal fees, consultancy fees.</li> </ul>
LCC Audit Budget	4,355	2,178	2,178	
Financial Management Information System	94,886	53,726	41,159	<ul style="list-style-type: none"> <li>(1) An adjustment is also made to take account of historic price agreements that have been rolled forward.</li> <li>(2) PCI-DSS upgrade implemented at CBC only.</li> </ul>
Income	(37)	(19)	(19)	
<b>TOTAL</b>	<b>1,603,598</b>	<b>784,212</b>	<b>819,386</b>	

### 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 31<sup>st</sup> 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

7.1 No consultation is required.

## 8. FINANCIAL IMPLICATIONS

8.1 The financial implications are contained within the body of the report.

## 9. LEGAL IMPLICATIONS

9.1 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

11.1 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:

▶ <b>HR &amp; Organisational Development</b>	<i>None</i>
▶ <b>ICT / Technology</b>	<i>None</i>
▶ <b>Property &amp; Asset Management</b>	<i>None</i>
▶ <b>Risk</b>	<i>None</i>
▶ <b>Equality &amp; Diversity</b>	<i>None</i>

## 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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