

## **OVERVIEW (AUDIT) PANEL**

**Monday, 12 September 2016**

**Commenced:** 2.00 pm

**Terminated:** 2.40 pm

**Present:** Councillors Ricci (Chair), Ryan (Deputy Chair), Bell, Fairfoull, J Fitzpatrick, Kitchen, Pearce, Peet, K Quinn, Taylor and Welsh

**Apologies for Absence:** Councillor Bailey

### **8. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **9. MINUTES**

The Minutes of the meeting of the Overview (Audit) Panel held on 18 July 2016 were agreed and signed as a correct record.

### **10. AUDIT FINDINGS REPORT (ISA260) - TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2015/16**

Consideration was given to a report of the Assistant Executive Director (Finance), highlighting the key matters arising from Grant Thornton's audit of the 2015/16 financial statements of both Tameside MBC and Greater Manchester Pension Fund, which Grant Thornton was required to report under the Audit Commission's Code of Audit Practice and the International Standard of Auditing.

It was reported that this was the fourth year that Grant Thornton had audited the accounts and that the process had been completed within the statutory timescales. The accounts continued to be prepared to a high degree of accuracy and reliability and the auditors had been very positive about the overall quality of the accounts and they had commented on the high level of support given by Council Officers.

A small number of adjustments and presentational changes were recommended in the report prepared by Grant Thornton. Members were advised that none of the amendments altered the reported surplus on the Council's general fund balance.

Members were informed of a requirement that the auditor provided a value for money conclusion. The key findings of the review, as included in Section 3 at Appendix 1, were as follows:

*"Grant Thornton had issued an unqualified value for money conclusion stating that the Council had proper arrangements for challenging how it secured economy, efficiency and effectiveness in its use of resources."*

For the fourth year the Council had been awarded green (the most positive outcome) in all categories. This demonstrated that the Council was well placed to deal with the financial challenges that it was faced with.

The report concluded that this outcome was extremely positive within the current financial environment. This reemphasised that the authority had the support of officers, Members, internal and external audit in ensuring that strong financial management continued.

**RESOLVED:**

- (i) That the content of the report be noted;**
- (ii) That the positive relationship with the audit team and successful progress of the audit be noted;**
- (iii) That the minor adjustments and presentational changes to the accounts be agreed;**
- (iv) That the value for money conclusion be noted; and**
- (v) That the Council had complied with all matters set out in the Letter of Representation and that a signed copy be forwarded to the External Auditor.**

## **11. CAPITAL MONITORING - OUTTURN 2015/16**

The Assistant Executive Director (Finance) submitted a report summarising the capital monitoring position at 31 March 2016.

It was reported that the Council spent a total of £40.067 million on capital investment in 2015/16, which had resulted in the need for £6.534 million of the capital programme to be re-profiled.

The key aspects of the report were highlighted to the Panel including analysis of capital expenditure over three years, summary of variations by service area and interest rate differential between borrowing and investment rates.

Details were also given of Compulsory Purchase Orders, indemnities and potential liabilities.

**RESOLVED:**

- (i) That the 2015/16 capital outturn position for 2015/16 be noted;**
- (ii) That the capital financing statement for 2015/6 be approved;**
- (iii) That the revised capital programme (including changes and re-profiling) be approved;**
- (iv) That the current position in regard to Compulsory Purchase Orders and Indemnities be noted; and**
- (v) That the capital receipts position is noted.**

## **12. REVENUE MONITORING - OUTTURN 2015/16**

The Assistant Executive Director (Finance) submitted a report detailing the Council's final revenue outturn position for 2015/16 against budgets for the year and showed the net of income and expenditure as a variation to budget. The report demonstrated that at Quarter 4 the Council's overall net revenue service expenditure for the 2015/16 financial year was to be £6.663 million less than the updated budget.

A summary of the annual budget, outturn and variation to budget for each Directorate was provided in the report.

Details were also given of: savings, balances to be carried forward, Council Tax and Business Rates, the Capital Outturn position and Care Together programme.

**RESOLVED:**

- (i) That the revenue outturn position be noted;**
- (ii) That the detail for each service area be noted;**
- (iii) That movements to reserves (as outlined in Appendix 3 to the report) be approved;**
- (iv) That the treatment of year end balances (as outlined in Appendix 3 to the report) be approved;**

- (v) That the changes to revenue budgets (as set out in Appendix 1 to the report) be approved;
- (vi) That the capital outturn position be noted; and
- (vii) That the transfer of £2.300 million from reserves, and consequent payment to Tameside Hospital Foundation Trust, be approved, to support Care Together.

### **13. TREASURY MANAGEMENT ACTIVITIES 2015/16**

Consideration was given to a report of the Assistant Executive Director (Finance) setting out the Treasury Management activities for the financial year 2015/16. It also provided initial commentary on the impact of the recent Referendum for treasury management activities. As investment rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund internal borrowing on a temporary basis. This resulted in lower than anticipated borrowing costs with an external interest saving of £5.981 million. Investment returns were £0.009 million higher than estimated.

Details were also given of the following:

- Debt;
- Interest Rates;
- Activities 2015/16;
  - Borrowing
  - Rescheduling
  - Year-end position
  - Investments – managing cash flow
  - Interest payable and receivable in the year;
- Current Activities;
- Greater Manchester Metropolitan Debt Administration Fund;
- Prudential Limits.

#### **RESOLVED:**

- (i) That the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund be noted;
- (ii) That the outturn position for the prudential indicators in Appendix A to the report be approved; and
- (iii) That the early and emerging implications for treasury management of the recent Referendum be noted.

### **14. ANNUAL GOVERNANCE STATEMENT 2015/16**

The Assistant Executive Director (Finance) submitted the Annual Governance Statement for 2015/16, which was a requirement of Regulation 6 of the Accounts and Audit Regulations 2015. It required authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and 'following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control'.

The Annual Governance Statement was based on:

- Executive Team Assurance Self-Assessments and signed Assurance Statements;
- Head of Audit's Annual Report;
- Executive Team Budget and Assurance Statements;
- Review of System of Internal Audit;
- Annual Audit Letter;
- Review of the Role of the Chief Financial Officer;
- Review of the Role of the Head of Internal Audit;

- Corporate Plan; and
- Statutory Inspections.

**RESOLVED:**

**That the Annual Governance Statement for 2015/16 be approved.**

**15. AUDITED STATEMENT OF ACCOUNTS 2015/16**

The Assistant Executive Director (Finance) submitted a report, detailing the Audited Statement of Accounts for Tameside MBC and Greater Manchester Pension Fund for 2015/16 consistent with International Financial Reporting Standards (IFRS).

The Panel were notified that the pre-audit Statement of Accounts had been certified by the Executive Director of Finance on 14 June 2016 and the Council's external auditors, Grant Thornton, had since audited the accounts.

**RESOLVED:**

**That the audited Statement of Accounts for 2015/16 be approved, including the core statements and notes to the accounts.**

**16. SCRUTINY REPORT - CHILD SEXUAL EXPLOITATION**

A report was submitted by the Chair of the People Scrutiny Panel, which commented on the response to the Executive response made Councillor Peter Robinson (Children and Families) in June 2016 to the Scrutiny review of Child Sexual Exploitation and the recommendations made to support future services, which was concluded in December 2015.

**RESOLVED:**

**That the recommendations detailed in Section 8 of Appendix 2 to the report be noted.**

**17. SCRUTINY ANNUAL WORK PROGRAMME 2016/17**

Consideration was given to a report of the Executive Director, Governance, Resources and Pensions, detailing the work programmes for the Scrutiny Panels for 2016/17, following previous consideration of the work programme at the last meeting of the Panel.

It was explained that the work programme for each panel would remain as flexible as possible to allow any urgent issues which may arise to be addressed. As in previous years, if additions were required during the year this would require a report to be brought to the earliest available Overview (Audit) Panel meeting.

**RESOLVED:**

**That the Annual Work Programmes for the Scrutiny Panels for the Municipal year 2016/17 be noted.**

**18. URGENT ITEMS**

There were no urgent items.

**CHAIR**