

## OVERVIEW (AUDIT) PANEL

21 September 2015

Commenced: 3.00pm

Terminated: 3.35pm

**Present:** Councillor Ricci (Chair)  
Councillors Buckley, Fairfoull, J Fitzpatrick, Peet, and Taylor

**Apologies for absence:** Councillors Bailey, I Miah, K Quinn and Welsh

### 9. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 10. MINUTES

The Minutes of the meeting of the Overview (Audit) Panel held on 27 July 2015 were signed as a correct record.

### 11. CAPITAL MONITORING – OUTTURN 2014/15

The Assistant Executive Director (Finance) submitted a report, detailing the Council's capital programme for 2014/15 showing the outturn position for the year. It was reported that total spend for 2014/15 was £37.5million, which had resulted in the need for £4.069million 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.

#### RESOLVED

- (i) That the capital outturn position for 2014/15 be approved;
- (ii) That the capital financing statement for 2014/15 be approved; and
- (iii) That the revised capital programme for 2015/16 – 2017/18 be noted.

### 12. REVENUE MONITORING – OUTTURN 2014/15

The Assistant Executive Director (Finance) submitted a report, which demonstrated that the overall net revenue expenditure in the 2014/15 financial year had exceeded the allocated budget in line with previous forecasts.

Greater analysis of the allocation of expenditure along with areas of underspend were outlined alongside options for sustainable solutions and savings achieved during 2014/15. The Panel heard that as at the end of March 2015 Council Tax collection rates were slightly below target and the Business Rate collection rate had slightly exceeded the target.

#### RESOLVED:

- (i) That the revenue outturn position for 2014/15 be noted;
- (ii) That the detail for each service area be noted;
- (iii) That the savings achieved in each area be noted; and
- (iv) That the changes to the in-year and future year revenue budgets be approved.

### **13. TREASURY MANAGEMENT – OUTTURN 2014/15**

The Assistant Executive Director (Finance) submitted a report, which set out the treasury management activities for the financial year 2014/15.

The Panel were informed that as investment interest rates were lower than external borrowing rates throughout the year cash reserves had been utilised to fund internal borrowing which had resulted in lower than anticipated borrowing costs with an external interest saving of £4.322million.

It was reported that the actual amount of long term borrowing, which was required due to Council activity was £54.612million as outlined in the table at 5.2 of the report, which had been met from internal borrowing through the use of cash reserves rather than additional external borrowing. This had reduced the level of investment balances that would be placed with banks and financial institutions therefore reducing the Council's exposure to credit risk.

The Panel heard that Tameside had achieved an average investment rate of 0.47% on the average weekly investment against a benchmark Libid rate of 0.35%, this equated to a gain of £177,120. The annual turnover for investments was £822million. Investment returns were £0.050million less than estimated and the net amount had been transferred to reserves at year end.

#### **RESOLVED:**

- (i) That the treasury management activities be noted; and**
- (ii) That the outturn position for the prudential indicators be approved.**

### **14. ANNUAL GOVERNANCE STATEMENT 2014/15**

The Assistant Executive Director (Finance) submitted the Annual Governance Statement for 2014/15, which was a requirement of Regulation 4(2) of the Accounts and Audit Regulations 2011. 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 Panel were informed that the Annual Governance Statement was based on:-

- ET Assurance Self Assessments and signed Assurance Statements;
- Head of Audit's Annual Report;
- ET 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;
- Community Strategy; and
- Statutory Inspections.

#### **RESOLVED**

**That the Annual Governance Statement for 2014/15 be approved.**

### **15. AUDITED STATEMENT OF ACCOUNTS 2014/15**

The Assistant Executive Director (Finance) submitted a report, detailing the Audited Statement of Accounts for Tameside MBC and Greater Manchester Pension Fund for 2014/15 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 30 June 2015 and the Council's external auditors, Grant Thornton, had since audited the accounts.

#### **RESOLVED**

- (i) That the audited statement of accounts for 2014/15 be approved;**
- (ii) That the summary annual accounts for 2014/15 be approved; and**
- (iii) That the level of reserves held by Tameside MBC be noted.**

#### **16. AUDIT FINDINGS REPORT (ISA260) – TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2014/15**

The Assistant Executive Director (Finance), submitted a report, highlighting the key matters arising from the Council's external auditors, Grant Thornton, audit of 2014/15 financial statements of Tameside MBC and Greater Manchester Pension Fund. Grant Thornton was required to report under the Audit Commission's Code of Audit Practice and International Standard of Auditing.

It was reported that this was the third year that Grant Thornton had audited the accounts and the draft set of accounts had been submitted ahead of the deadline in June 2015. 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 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 provide a value for money conclusion. The key findings of this review, as included in Section 3 of the report 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;
- The Council remained better placed compared to most peer authorities to deal with the current and anticipated financial environment within Local Government.; and
- The Council was responding well to the challenges of the Local Government Finance Settlement, delivering savings and targeting its resources effectively.

The Panel were notified that for the third year the Council had been awarded green (the most positive outcome) in all categories which demonstrated that the Council was well placed to deal with the financial challenges that it was faced with. A formal response to the recommendations arising from the audit were set out in the draft Council's Letter of Representation for 2014/15.

Panel Members enquired about the use of Council reserves and the adequacy of the levels. The external auditors identified that they were a matter for judgement but clearly reflected the significant challenges being faced by the Council.

#### **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 amendments and presentational changes to the accounts be agreed;**
- (iv) That the action plan contained within the report be agreed;**
- (v) That the value for money conclusion be noted; and**

**(vi) 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.**

**17. URGENT ITEMS**

The Chair reported that there were no urgent items for consideration at this meeting.

**CHAIR**