

## OVERVIEW (AUDIT) PANEL

11 September 2017

Terminated: 2.40 pm

Commenced: 2.00 pm

**Present:** Councillors Ricci (Chair), Affleck (Deputy Chair), Bell, Fairfoull, J Fitzpatrick, Peet, K Quinn and Taylor

**In Attendance:**

Sandra Stewart	Director of Governance and Pensions
Ian Duncan	Assistant Director (Finance)
Tom Wilkinson	Deputy Chief Finance Officer
Wendy Poole	Head of Risk Management and Audit Services
Paul Radcliffe	Scrutiny and Member Services Manager

**Apologies for Absence:** Councillors Bailey, Pearce and K Welsh

### 14. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 15. MINUTES

The Minutes of the meeting of the Overview (Audit) Panel held on 31 July 2017 were agreed and signed as a correct record.

### 16. AUDIT FINDINGS REPORT (ISA260) - TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2016/17

Consideration was given to a report of the Assistant Director (Finance), highlighting the key matters arising from Grant Thornton's audit of the 2016/17 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 the statutory deadline for the production and publication of the draft 2016/17 statement of accounts was 30 June 2017, with sign off by 30 September 2017. However, for the 2017/18 financial year the statutory deadlines would be brought forward to 31 May 2018 and 31 July 2018. The 2016/17 process was therefore brought forward to these dates in preparation for the new tighter timescales so that lessons could be learnt prior to the accelerated process coming into effect. It was confirmed that efficiencies would be embedded into the closure process for 2017/18 to achieve the earlier statutory publishing deadlines.

This was the fifth year that Grant Thornton had audited the accounts and there had been significant changes in the reporting requirements. It had been a challenging year to close the accounts as the finance team continued to reduce in size following a service review. In addition, there had been substantial legislative changes to the core financial statements and key prior year re-statements. Despite these challenges the process had been completed within the statutory timescales and the accounts continued to be prepared to a high degree of accuracy and reliability. 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 number of adjustments and presentational changes were recommended in the report prepared by Grant Thornton. The key changes related to the correction of the value of operating expenses and an amendment to property revaluations. Members were advised that none of the amendments altered the reported surplus on the Council's General Fund Balance and had no impact on the Council's overall financial position.

Appended to the report were two letters of representation; one for Tameside MBC and one for the Greater Manchester Pension Fund. Following confirmation from the Panel that the Council had complied with all matters set out in the letters, a signed version would be forwarded to the External Auditor.

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 has determined that except for the matters they have identified in respect of the Ofsted inspection of Children’s Services, the Council had proper arrangements in all specific aspects. Grant Thornton therefore proposes to issue a ‘qualified except for’ value for money conclusion stating that the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness in its use of resources.”*

The Council had again 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 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.**

#### **17. ANNUAL GOVERNANCE STATEMENT 2016/17**

The Assistant Director (Finance) submitted the Annual Governance Statement for 2016/17, 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, which covered both Tameside MBC and the Greater Manchester Pension Fund, was based on the following:-

- Executive Director Assurance Self-Assessments and signed Assurance Statements;
- Head of Audit’s Annual Report;
- Review against the Code of Corporate Governance;
- 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.

It was reported that the Draft Annual Governance Statement was presented to the Senior Management Team on 2 May 2017, Audit Panel on 30 May 2017 and there had been consultation with Executive Members during June 2017. The Statement had been certified by the Assistant Director (Finance) and submitted to External Audit for review. All comments received had been incorporated into the document and the final version was appended to the report.

**RESOLVED:**

**That the Annual Governance Statement for 2016/17 be approved.**

**18. AUDITED STATEMENT OF ACCOUNTS 2016/17**

The Assistant Director (Finance) submitted a report, detailing the Audited Statement of Accounts for Tameside MBC and Greater Manchester Pension Fund for 2016/17 consistent with International Financial Reporting Standards.

The Panel were notified that the pre-audit Statement of Accounts had been certified by the Assistant Director of Finance on 7 June 2017, a week earlier than the previous financial year, and would be required by 31 May for the 2017/18 accounts. Due to the accelerated deadlines the audit was scheduled to conclude by 11 September 2017.

The Tameside MBC Statement of Accounts 2016/17 had been amended in line with the Audit Finding Report (ISA 260). Due to the ongoing audit there was a small risk that the accounts could be further amended but any changes were likely to be minor. The Greater Manchester Pension Fund Statement of Accounts 2016/17 had been considered at the Management/Advisory Panel on 21 July 2017. It was reported that the main amendments to the accounts had been to the Balance Sheet and Operating Expenses.

**RESOLVED:**

**That the audited Statement of Accounts for 2016/17 be approved, including the core statements and notes to the accounts.**

**19. SCRUTINY REPORT - REVIEW INTO THE IMPACT OF BIN SWAP AND DELIVERING FUTURE IMPROVEMENTS TO RECYCLING**

A report was submitted by the Chair of the Place and External Relations Scrutiny Panel, which commented on the Executive response made by Councillor Allison Gwynne (Clean and Green) in June 2017 to the Scrutiny Review into the Impact of Bin Swap and Delivering Future Improvements to Recycling, which was concluded in November 2017.

**RESOLVED**

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

**20. REVIEW AND MONITORING ARRANGEMENTS FOR CHILDREN'S SERVICES IMPROVEMENT**

Consideration was given to a report of the Director of Governance and Pensions, which identified and informed Members of arrangements for the review and monitoring of Children's Services improvement activity.

It was reported that following the Ofsted inspection of Tameside Children's Services in September 2016 the Council had taken a number of steps to ensure that effective monitoring took place for all

activity associated with the improvement journey. In addition to the ongoing work of the Integrated Care and Wellbeing Scrutiny Panel, an improvement board, an overview panel and a working group had been established as a comprehensive overview function. The role, responsibilities and reporting of the different groups were outlined to the Panel.

A Tameside Children's Services Improvement Plan had been developed that set out how the Council and its partners across the borough were addressing the recommendations made by Ofsted to deliver sustainable improvement. The plan was monitored monthly by the improvement board and progress would be assessed in a number of different ways to ensure a clear and balanced understanding of changes made and their impact.

**RESOLVED**

- (i) That the report be noted; and**
- (ii) That the reporting mechanisms for monitoring activity, as detailed in paragraphs 2.6, 2.11 and 2.19 of the report, be noted.**

**21. URGENT ITEMS**

There were no urgent items.

**CHAIR**