

MEMBERS INTERESTS 2012

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	General		
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 below</i>
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	<i>You may speak and vote</i>
3.	I have a pecuniary interest because it affects my financial position or the financial position of a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest or it relates to the determining of any approval consent, licence, permission or registration in relation to me or a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest	<input type="checkbox"/> <input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i> <i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>
4.	I have a disclosable pecuniary interest (Dispensation 16/7/12) or a pecuniary interest but it relates to the functions of my Council in respect of: (i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease. (ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends. (iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay. (iv) An allowance, payment or indemnity given to Members (v) Any ceremonial honour given to Members (vi) Setting Council tax or a precept under the LGFA 1992	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i>
5.	A Standards Committee dispensation applies (relevant lines in the budget – Dispensation 20/2/13 – 19/2/17)	<input type="checkbox"/>	<i>See the terms of the dispensation</i>
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	<i>You may speak but must leave the room once you have finished and cannot vote</i>

'disclosable pecuniary interest' (DPI) means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest

Prescribed description

Employment, office, trade, profession or vocation

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;

"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

AUDIT AND GOVERNANCE COMMITTEE

HELD: 26 JANUARY 2016

Start: 7.00pm

Finish: 7.40pm

PRESENT:

Councillors: Bullock (Chairman)

Mrs Baybutt	G Hodson
Blane	Mee
Cotterill	Pendleton
Dereli	Pope
Gagen	Whittington

Officers: Borough Treasurer (Mr M Taylor)
Borough Solicitor (Mr T Broderick)
Audit Manager (Mr M Coysh)
Assistant Member Services Manager (Mrs J Denning)

In attendance: Georgia Jones of Grant Thornton (External Auditors)

25. APOLOGIES

An apology for absence was received on behalf of Councillor L Hodson.

26. MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of membership of Councillor Pryce-Roberts and the appointment of Councillor Cotterill for this meeting only, giving effect to the wishes of the Political Groups.

27. DECLARATIONS OF INTEREST

There were no declarations of interest.

28. MINUTES

RESOLVED That the minutes of the last meeting of the Committee held on 29 September 2015 be approved as a correct record and signed by the Chairman.

29. GRANT THORNTON - THE ANNUAL AUDIT LETTER

Consideration was given to the report of the Borough Treasurer, as contained on pages 373 to 380 of the Book of Reports, that introduced the Annual Audit Letter for the year ended 31 March 2015 produced by the External Auditors, Grant Thornton.

Georgia Jones from Grant Thornton attended the meeting to respond to questions, referencing details set down in the Annual Audit Letter and provided information of the key findings arising from the work that had been undertaken. She also advised that in relation to the Code of Practice on Transport Infrastructure Assets, this was a highways matter and therefore not relevant for West Lancashire.

Comments and questions were raised in respect of the following:

- The Audit Fee
- Value for Money key elements, particularly in relation to examples of economic regeneration innovation.
- Challenges in bringing forward the publication date from 30 September to 31 July for the 2017-18 accounts.

RESOLVED That the Annual Audit Letter, prepared by the External Auditors, Grant Thornton, be noted.

30. GRANT THORNTON - CERTIFICATION LETTER

Consideration was given to the report of the Borough Treasurer which introduced the letter of the External Auditors Grant Thornton, as contained on pages 381 to 386 of the Book of Reports, which set out details of the External Auditor's findings from their certification of 2014/15 claims and returns.

Georgia Jones from the external auditors, Grant Thornton, was present to answer any questions and advised that the 2014/15 fees for the Certification was be £14,450.

Comments and questions were raised in respect of the level of incorrect housing benefit assessments.

RESOLVED That the findings by the External Auditor's Grant Thornton, be noted.

31. INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE

Consideration was given to the report of the Borough Treasurer, as contained on pages 387 to 392 of the Book of Reports, which advised of progress against the 2015/16 Internal Audit Plan.

Comments and questions were raised in respect of the following:

- Revenues systems reconciliations
- Payroll – variations to pay
- Payroll IT system assurance
- CIL processing

RESOLVED That progress in the year to date be noted and an update be provided to a future meeting in respect of the review to be undertaken on controls on variations to pay in the new "self-service" payroll system.

32. REGULATION OF INVESTIGATORY POWERS ACT QUARTERLY MONITORING OF USE OF POWERS

In relation to the quarterly monitoring of activity under the Regulation of Investigatory Powers Act 2000 (RIPA) the Borough Solicitor reported that there was no relevant activity to bring to the attention of the Committee.

RESOLVED That the update be noted.

33. WORK PROGRAMME

Consideration was given to the Committee's work programme as set out at page 393 of the Book of Reports.

RESOLVED A. That the Work Programme be noted.

B. That the Procurement Training in September 2016 should include:

- Value for Money
- Social Value
- E-tendering
- SME's (Small and medium-sized enterprises)

C. That the training session for January 2017 to be Treasury Management, which should include Value for Money.

.....
CHAIRMAN



AGENDA ITEM: 5

AUDIT AND GOVERNANCE COMMITTEE:

22 March 2016

Report of: Borough Treasurer

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: GRANT THORNTON AUDIT PLAN

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To receive a report from our External Auditors setting out their plan for the audit of our 2015/16 financial statements and consideration of value for money issues.

2.0 RECOMMENDATION

2.1 That the report be noted.

3.0 BACKGROUND

3.1 It is a statutory requirement that the Council's accounts are audited each year by an external auditor. The appendix to this report sets out the plan that our external auditors, Grant Thornton, intend to use to complete the audit of our 2015/16 financial statements.

4.0 THE AUDIT PLAN

4.1 The Audit Plan has been developed to take account of the following factors:

- The challenges and opportunities that the Council is facing
- The impact of key developments in the local government sector
- National audit requirements
- Significant and other risks identified

- 4.2 Key dates for the audit are included in the plan, and the end outcome of this process will be a report on the findings from the audit to this Committee in September 2016. This report will include an opinion on whether the accounts provide a true and fair view of the financial position and performance of the Council and whether there are effective arrangements in place for securing value for money.
- 4.3 Representatives of Grant Thornton will present their report at the Committee meeting and will be able to answer any questions that Members may have on their audit plan.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

- 6.1 The audit of the Statement of Accounts is part of the overall control framework that is designed to ensure that the Council properly accounts for the use of its assets and resources.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix – Grant Thornton Audit Plan

The Audit Plan for West Lancashire Borough Council

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

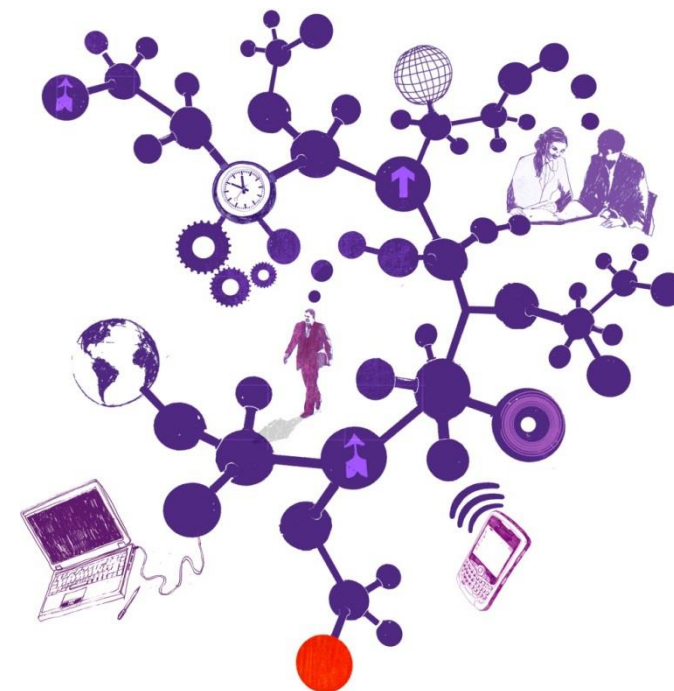
Year ending 31 March 2016

22 March 2016

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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22 March 2016

Dear Members of the Audit and Governance Committee

Audit Plan for West Lancashire Borough Council for the year ending 31 March 2016

This Audit Plan sets out for the benefit of those charged with governance (in the case of West Lancashire Borough Council, the Audit and Governance Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Yours sincerely

Karen Murray
Engagement Lead

Chartered Accountants

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Contents

Section

Understanding your business

Developments and other requirements relevant to the audit

Our audit approach

Significant risks identified

Other risks identified

Value for Money

Results of interim audit work

Key dates

Fees and independence

Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.



2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- In Lancashire there is a move towards a combined authority and the Council has considered reports on this.



3. Housing

- The Autumn Statement also included a number of announcements intended to increase the availability and affordability of housing.
- In particular, the reduction in council housing rents and changes to right to buy may have a significant impact on Councils' housing revenue account business plans.



4. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.



Our response

We will:

- consider the Council's plans for addressing its financial position as part of our work to reach our VFM conclusion.

We will:

- consider your plans as part of the local devolution agenda as part of our work in reaching our VFM conclusion.
- provide support and challenge to your plans based on our knowledge of devolution elsewhere in the country.

We will:

- consider how the Council has reflected government announcements as part of its business planning process.
- share our knowledge of how other Councils are responding to these changes.

We will:

- work with you to identify areas of your accounts production where you can learn from good practice in other authorities.
- aim to complete all substantive work in our audit of your financial statements by 31 August 2016 as a 'dry run'.

Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.

2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.

3. Housing stock revaluation

- The Council is undertaking a revaluation of its housing stock during 2015-16. This is a major valuation exercise and will need to comply with the requirements of the CIPFA Code of Practice for accounting and disclosure.

4. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion.
- The Council completes grant claims and returns on which audit certification is required



Our response

We will:

- keep the Council informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

We will:

- review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice, and make recommendations for improvement.
- review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

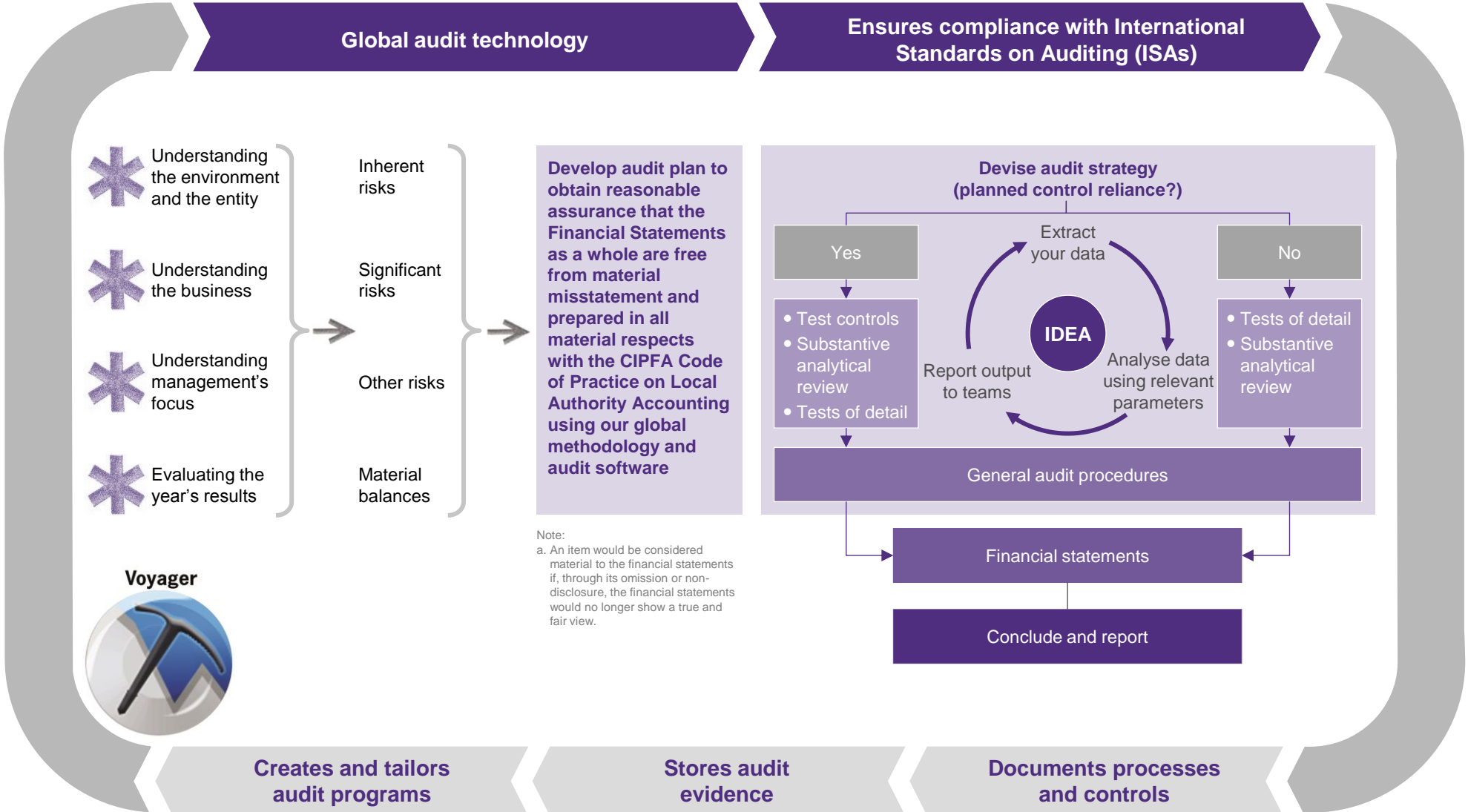
We will:

- review your proposals for accounting for the revaluation against the requirements of the CIPFA Code of Practice.
- review the qualifications and experience of the experts completing the valuation.
- carry out tailored testing to verify the accuracy of the entries in the accounts.

We will:

- carry out work on the WGA pack in accordance with requirements.
- certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Appointments Ltd.

Our audit approach



Note:
a. An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.



Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £1,726k (being 2% of gross revenue expenditure). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £86k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have identified the following items where separate materiality levels are appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	We will ensure these disclosures are correctly disclosed subject to rounding and banding classification
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be disclosed	We will ensure this is correctly stated, subject to rounding.
Related Party Transactions	Due to public interest in these disclosures.	We will determine materiality taking account of the size of the third party.

Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>For this Council, we have concluded that the greatest risk of material misstatement relates to the occurrence/existence of expenditure and payables.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at West Lancashire Borough Council, we have determined that the risk of fraud arising from revenue recognition for income and receivables can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including West Lancashire Borough Council, mean that all forms of fraud are seen as unacceptable. <p>We consider the risk for revenue recognition relates to occurrence/existence of expenditure and payables.</p> <p>Work planned:</p> <ul style="list-style-type: none"> • Identification and documentation of the processes and controls in place around expenditure at the Council • Testing of journal entries, control environment review and walkthrough • Testing of non pay expenditure as set out within 'Operating Expenses' on page 11 • Review of unusual significant transactions
<p>Management over-ride of controls</p>	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
<p>Valuation of property, plant and equipment</p>	<p>The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p> <p>The Council is carrying out a valuation of its housing stock during 2015/16. This represents a significant estimate by management in the financial statements.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register. • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
<p>Valuation of pension fund net liability</p>	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p>Work planned:</p> <ul style="list-style-type: none"> • Identification and documentation of the processes and controls in place around operating expenditure at the Council • Walkthrough of a sample item to confirm our understanding • Substantive testing of a sample of non-pay expenditure • Reconciliation of accounts payable systems to general ledger and financial statements • Review of accruals process and substantive testing of a sample of manual accruals and creditor balances • Sample testing of payments around the year-end • Review and testing of other items of expenditure and disclosures including MRP and members' allowances
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct)	<p>Work planned:</p> <ul style="list-style-type: none"> • Identification and documentation of the processes and controls in place around employee remuneration at the Council • Walkthrough of a sample item to confirm our understanding • Substantive testing of a sample of payroll transactions • Reconciliation of payroll data to general ledger and financial statements • Substantive analytical review of payroll costs for the year • Substantive testing of senior officer remuneration disclosures • Review and testing of other pay disclosures including exit packages notes

Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Welfare expenditure	Welfare benefit expenditure improperly computed	<p>Work planned:</p> <ul style="list-style-type: none"> • Identification and documentation of the processes and controls in place around welfare benefit payments at the Council • Walkthrough of a sample item to confirm our understanding • Substantive testing of claimant eligibility for a sample of welfare benefit payments • Reconciliation between Northgate welfare benefits system, the general ledger and the financial statements and supporting notes • Additional substantive testing on selected welfare benefit sample • Testing of Housing Benefit Subsidy Claim using the Audit Commission HB COUNT approach

Other risks identified (continued)

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous section but are likely to include:

- Heritage assets
- Investments (long term and short term)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Provisions
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes

Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out below:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of good governance Understanding and using appropriate cost and performance information to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We shall carry out an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we will consider :

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies,
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

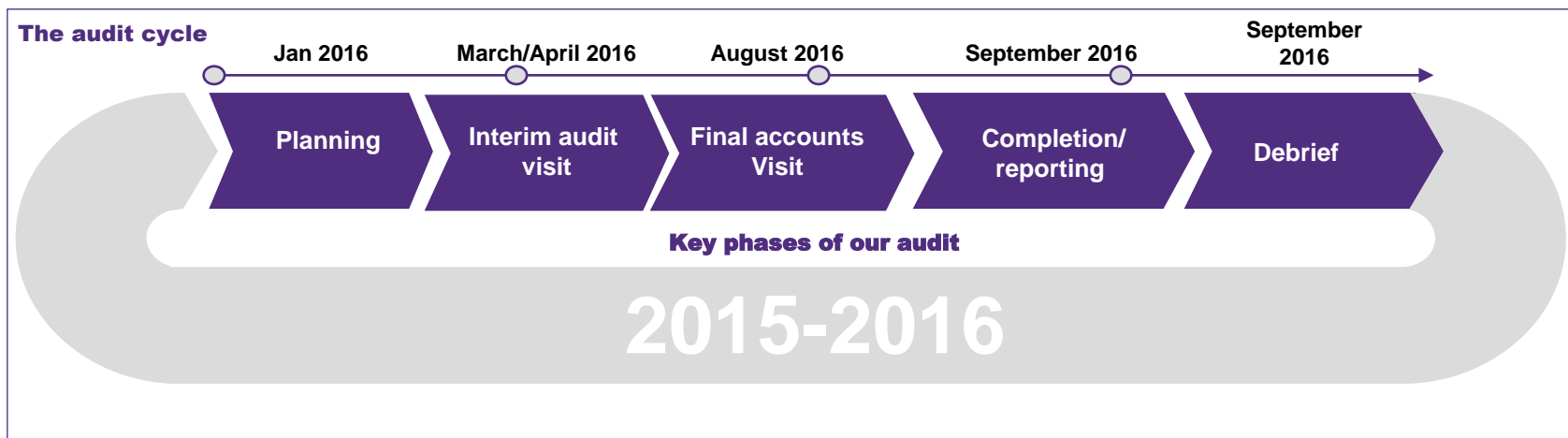
Following the completion of this risk assessment, we will issue a separate planning document setting out our planned work for 2015/16 to meet our duties in respect of the VfM conclusion. This will include any significant risks identified, along with details of the work we plan to carry out to address these risks.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

Key dates



Date	Activity
January 2016	Planning
March/April 2016	Interim site visit
March 2016	Presentation of audit plan to Audit Committee
August 2016	Year end fieldwork
August 2016	Audit findings clearance meeting with Borough Treasurer
September 2016	Report audit findings to those charged with governance (Audit Committee)
September 2016	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	43,746
Grant certification	11,195
Total audit fees (excluding VAT)	54,941

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list.
- The scope of the audit, and the Council and its activities, have not changed significantly.
- The Council will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Service	Fees £
Audit related services:	
• Pooling of Housing Capital Receipts	TBC

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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AGENDA ITEM: 6

AUDIT AND GOVERNANCE COMMITTEE:

22 March 2016

Report of: Borough Treasurer

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: GRANT THORNTON PROGRESS UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To receive an update from our External Auditors on a range of different matters.

2.0 RECOMMENDATION

2.1 That the progress report be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

3.0 BACKGROUND

3.1 Our external auditors have asked for the document contained in the appendix to be included on the agenda for this meeting so that Members may give it due consideration.

4.0 PROGRESS REPORT

4.1 The Grant Thornton progress report sets out their progress in delivering their responsibilities against their audit plan as well as a range of other matters.

4.2 Representatives of Grant Thornton will present this document at the Committee meeting and will be able to answer any questions that Members may have on its content.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix – Grant Thornton Progress Report

Audit and Governance Committee Update

West Lancashire Borough Council

Year ended 31 March 2016

March 2016

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at March 2016	5
Emerging issues and developments	
Grant Thornton	8
Local government issues	10
Accounting and audit issues	14

Introduction

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015
- Knowing the ropes: Audit Committee effectiveness review
- Reforging local Government: financial health and governance review 2015

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Georgia Jones Audit Manager T 0161 214 6383 M 07880 456 165 geroqia.s.jones@uk.gt.com

Progress at March 2016

Work	Planned date	Complete?	Comments
<p>2015-16 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the council setting out our proposed approach in order to give an opinion on council's 2014-15 financial statements.</p>	March 2016	On track	Our plan highlights the audit risks we have identified from our audit planning and from discussions with officers and sets out our proposed work to address those risks. The Audit Plan is being presented to the March 2016 Audit and Governance Committee.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	March/April 2016	On track	<p>We commenced our planning discussions with management in January 2016.</p> <p>Our interim visit will be undertaken in March and April 2016.</p>
<p>2015-16 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the council's accounts • proposed Value for Money conclusion. 	July 2016	On track	Our Audit Findings Report will be presented to the Audit and Governance Committee as "those charged with governance" in September 2016. It will set out matters arising from our accounts audit.

Progress at March 2016

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2015/16 VfM conclusion has recently been subject to consultation from the National Audit Office. The audit guidance on the auditor's work on value for money arrangements was published on 9 November 2015.</p> <p>Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion: <i>In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</i></p> <p>To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties. <p>We will be required to report by exception if we conclude that we are not satisfied that the Council has in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p>	<p>January to June 2016</p>	<p>On track</p>	<p>The guidance and supporting information includes:</p> <ul style="list-style-type: none"> • the legal and professional framework; • definitions of what constitute 'proper arrangements'; • guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified; • evaluation criteria to be applied; • reporting requirements; • CCG specific guidance. <p>The guidance is available at https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/</p> <p>Now that the finalised auditor guidance is available, we will carry out an initial risk assessment to determine our approach and report this in our Audit Plan.</p> <p>Our work will be reported in the Audit Findings Report presented to the September meeting of the Audit Committee.</p>

Progress at March 2016

Work	Planned date	Complete?	Comments
Other areas of work We are required to summarise the outcome of our work to certify the Councils 2015-16 grant claims and returns.	September to November 2016	Not yet started.	We will prepare a report for the Audit and Governance Committee setting out the findings from our certification of your grant claims.

Reforging local government: Summary findings of financial health checks and governance reviews

Grant Thornton market insight

The recent autumn statement represents the biggest change in local government finance in 35 years. The Chancellor announced that in 2019/20 councils will spend the same in cash terms as they do today and that "better financial management and further efficiency" will be required to achieve the projected 29% savings. Based on our latest review of financial resilience at English local authorities, this presents a serious challenge to many councils that have already become lean.

Our research suggests that:

- the majority of councils will continue to weather the financial storm, but to do so will now require difficult decisions to be made about services
- most councils project significant funding gaps over the next three to five years, but the lack of detailed plans to address these deficits in the medium-term represents a key risk
- Whitehall needs to go further and faster in allowing localities to drive growth and public service reform including proper fiscal devolution that supports businesses and communities
- local government needs a deeper understanding of their local partners to deliver the transformational changes that are needed and do more to break down silos
- elected members have an increasingly important role in ensuring good governance is not just about compliance with regulations, but also about effective management of change and risk
- councils need to improve the level of consultation with the public when prioritising services and make sure that their views help shape council development plans.



Our report is available at <http://www.grantthornton.co.uk/en/insights/reforging-local-government/>, or in hard copy from your Engagement Lead or Engagement Manager.

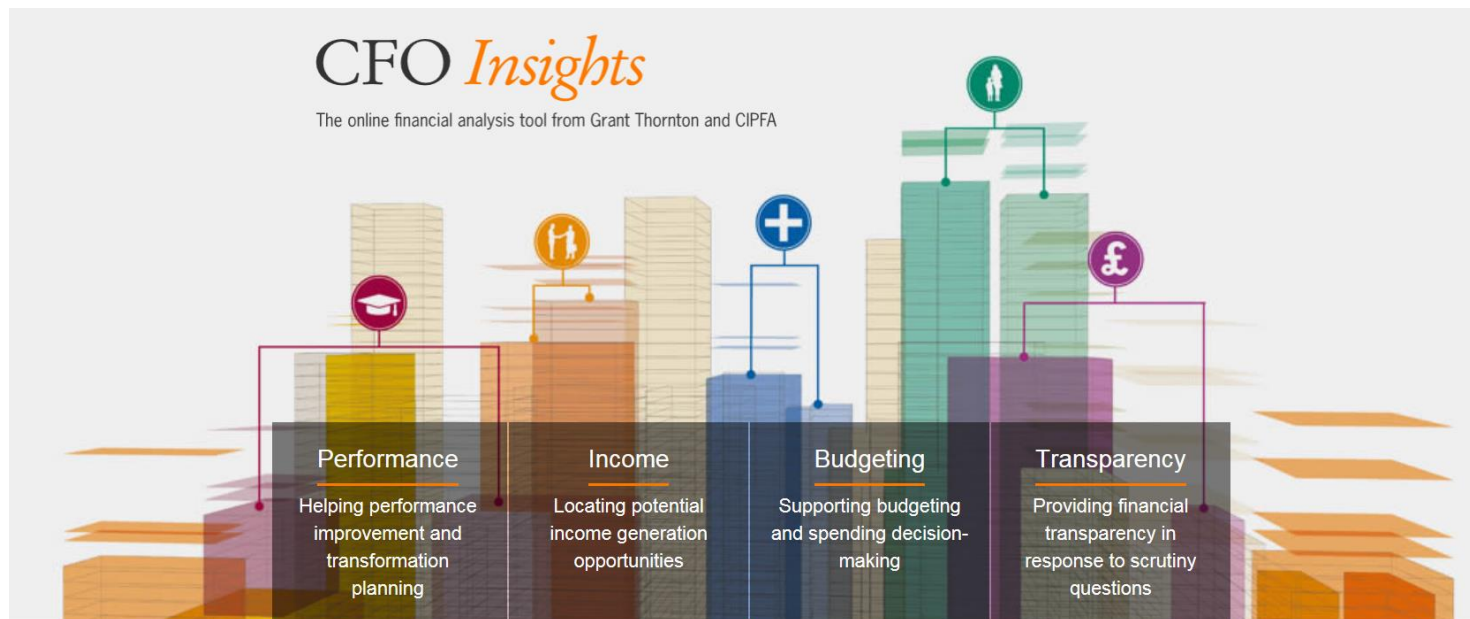
CFO Insights– driving performance improvement

Grant Thornton and CIPFA Market insight

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours. CFO Insights is an invaluable tool providing focused insight to develop, and the evidence to support, financial decisions.

We are happy to organise a demonstration of the tool if you want to know more.



CIPFA reports and publications

Local Government Issues

Audit Panels

In December 2015 the Chartered Institute of Public Finance and Accountancy (CIPFA) published its guidance on the establishment of auditor panels.

Under the Local Audit and Accountability Act 2014 'relevant authorities' are able to appoint their own local auditors via an auditor panel. The Secretary of State for Communities and Local Government has decided to implement a phased introduction of the new local audit framework, with all health bodies and smaller local government bodies moving to the new framework as planned on 1st April 2017 and larger local government bodies a year later, on 1st April 2018. In practice, this means that smaller local authorities must have appointed their local auditors by 31st December 2016 and larger principal authorities by 31st December 2017.

The guidance sets out the options available to local authorities in England for establishing an auditor panel; what form such a panel can take; the operation and functions of the panel; and the main task of the panel – that is, advising the authority in connection with the appointment of the local auditor

Accounts - public rights of inspection and challenge

Local Government issues: National Audit Office

Council accounts: a guide to your rights

The NAO has published an updated version of Council accounts: a guide to your rights on its website. The guide has been updated to reflect the new requirements of the Local Audit and Accountability Act 2014, and applies to 2015-16 accounts. The document provides information on how people can ask questions and raise objections about the accounts of their local authority.

<https://www.nao.org.uk/code-audit-practice/council-accounts-a-guide-to-your-rights/>

Arrangements for the exercise of public rights:

The Accounts and Audit Regulations 2015 set out new arrangements for the exercise of public rights from 2015/16 onwards. A key implication of the Act is that the final approval of the statement of the accounts by an authority prior to publication cannot take place *until after the conclusion of the period for the exercise of public rights*. As the thirty working day period for the exercise of public rights must include the first ten working days of July, authorities will not be able to approve their audited accounts or publish before 15th July 2016.

Smaller authorities must also wait until the conclusion of the thirty working day period for the exercise of public rights before publishing their accounts and the auditor's report.

The Care Act and New Burdens

Local Government Issues: Public Accounts Committee Report

Further to the NAO reports on *Care Act first-phase reforms* and *Local government new burdens* both published in June 2015, and the hearing of the Public Accounts Committee (PAC) in October 2015 on the combined topics, the PAC has now published its report on the matter. The PAC report considers the additional cost burdens on, and uncertainty for, local councils. It also considers the government's ability to identify and respond to councils that are struggling.

Its main findings are as follows:

- following the decision to delay the second phase of the Care Act, there are concerns that people will have to pay more for their care for longer before the cap on care costs is implemented. However, as the government have announced that they will not claw back the £146m of funding that it provided to councils in 2015/16 to prepare for the second phase, local authorities will not have the financial burden that was anticipated
- the DCLG have failed to adequately identify and assess new burdens on local authorities and consider their impact, creating significant uncertainty for local authorities. Councils are faced with 'unfunded pressures' which are making it 'more difficult for them to meet their statutory duties and will increase pressure on council tax'
- The report calls for the Spending Review and annual finance settlements for local authorities to 'take full account of the many cost pressures local authorities face, whether or not they meet the government's definition of a new burden'. Funding must be monitored to ensure that vulnerable people do not lose out

The full report can be found at <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/publications/>

Results of auditors' work 2014/15

Public Sector Audit Appointments

Following the closure of the Audit Commission on 31st March 2015, Public Sector Audit Appointments (PSAA) became responsible for appointing auditors to local Government bodies and for overseeing the delivery of consistent, high-quality and effective external audit services. The Audit Commission previously published Auditing the Accounts reports for Local Government bodies covering the 2012/13 and 2013/14 financial years. The reports summarised the results of the work of auditors appointed by the Commission at local bodies. This is the first such report published by PSAA, and it summarises the results of auditors' work at 509 principle bodies and 9,755 small bodies. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors utilised their statutory reporting powers.

The timeliness and quality of financial reporting for 2014/15 remained broadly consistent with the previous year for both principal and small bodies, according to Public Sector Audit Appointments Limited's *Report on the results of auditors' work 2014/15: Local government bodies*.

- for principal bodies, auditors at 345 of 356 councils (97 per cent) were able to issue the opinion on the accounts by the statutory accounts publication date of 30th September 2015.
- 97 per cent of police bodies and fire and rescue authorities also received the audit opinion by 30th September 2015.
- for the second year in a row there have been no qualified opinions issued to date to principal bodies.
- the number of qualified conclusions on value for money arrangements has remained consistent with the previous year at 4 per cent (17 councils, one police body and one fire and rescue authority).

IFRS 13 'Fair value measurement'

Accounting and audit issues

The 2015/16 Accounting Code applies IFRS 13 'Fair Value Measurement' for the first time. The standard sets out in a single framework for measuring fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

There is no public sector adaptation to IFRS13 but the Treasury and therefore the Code has adapted IAS 16 Property, Plant and Equipment so that operational assets (providing service potential) are no longer held at fair value but current value. As such IFRS 13 does not apply to operational assets. This new definition of current value means that the measurement requirements for operational property, plant and equipment providing service potential have not changed from the prior year.

However, surplus assets will need to be measured under the new definition of fair value, reflecting the highest and best use from the market participant perspective.

Other areas affected by the new standard include investment property, available for sale financial assets and those items where fair values are disclosed - for example, long term loans and PFI liabilities. IFRS 13 also introduces extensive disclosure requirements.

Local authorities need to:

- identify/ review their classification of surplus assets and investment properties
- discuss IFRS 13 with their property valuers and treasury advisers to ensure that fair values provided are produced in line with the new standard
- update accounting policies and disclosures to reflect the new standard.

Challenge question

- Has your CFO reviewed the surplus assets and investment property categories to ensure what is included is correctly classified?
- Has your CFO ensured property valuers and treasury advisers are aware of the fair value definitions under IFRS 13?
- Have the accounting policies and disclosures in your accounts been updated to reflect the IFRS 13 requirements?

Unlodged non-domestic rate appeals

Accounting and audit issues

Last year, there were primarily no provisions for unlodged non-domestic rates appeals as appeals received on or after 1 April 2015 were only backdated to 1 April 2015. The effect of last years announcement was supposed to put authorities in the position as if the revaluation had been done in 2015 as initially intended before the extension to 2017. This was only a one year reprieve and so any unlodged appeals at 31 March 2016 will only be backdated to 1 April 2015 and therefore may not be material.

However, this year, local authorities will need to estimate a provision for unlodged appeals but as above it may not be material.

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the Code it is in only extremely rare cases that a reliable estimate cannot be made. Therefore, if your local authority does have such an instance, the rationale needs backing up: both in terms of disclosures (as a contingent liability) and in providing evidence to those charged with governance as to why a reliable estimate for the provision cannot be made.

Challenge question

- Has your CFO made plans to assess the need for an unlodged non-domestic rates appeal provision?

Website re-launch

Grant Thornton

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below -
<http://www.grantthornton.co.uk/en/insights/?tags=local-government&q=sustainable+communities>





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AGENDA ITEM: 7

AUDIT AND GOVERNANCE COMMITTEE:

22 March 2016

Report of: Borough Treasurer

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT ACTIVITY – QUARTERLY UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise of progress against the 2015/16 Internal Audit Plan.

2.0 RECOMMENDATION

2.1 That Members note progress in the year to date.

3.0 BACKGROUND

3.1 This committee approved the 2015/16 Internal Audit Plan and the Internal Audit Manager brings written updates on progress against it to each meeting of this Committee.

3.2 This report summarises progress to mid March. This work will inform the overall opinion in the Internal Audit Annual Report that will be presented to this Committee following the end of the financial year.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 An appendix summarising progress to date and any significant issues arising is attached and the Internal Audit Manager will attend the meeting to present the report should Members have any questions.

4.2 Progress against the plan to date is slightly lower than in the previous year with 85% of audits in progress compared to 92% for the same period in 2014/15 and

89% for the same period in 2013/14. 24 out of 28 audits are in progress or have been completed in the current year, which compares to 24 out of 26 audits in 2014/15.

4.3 There are number of audits shown as in progress in the appendix for which all of the field work is complete but which are awaiting final agreement with management.

4.4 It is anticipated that audit coverage will still be sufficient to enable an adequate assessment of the adequacy and effectiveness of the Council's overall framework of governance and control for 2015/16.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 There are no significant financial or resource implications arising from this report as Internal Audit activity is included in existing budget provisions.

7.0 RISK ASSESSMENT

7.1 This report summarises progress against Internal Audit's work programme to date. Internal Audit's work is a key source of assurance to this Committee that risks to the achievement of the Council's objectives are being properly managed.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix Internal Audit Activity Quarterly Update.

INTERNAL AUDIT QUARTERLY UPDATE

1.0 Summary of progress 2015/16

- 1.1 24 of the 28 items on the original plan are currently in progress. This is approximately 85% and compares with 92% for the same period in 2014/15.
- 1.2 The main factor for this variance is a reduction in resources in the quarter. The Audit Manager will provide a verbal update on this issue at the meeting.

2.0 Internal Audit 2015/16 third quarter activity update

Title	Position
Contract Procurement	In progress
National Fraud Initiative	In progress
Licensing	Complete
Icon cash receipting	Complete
Benefits	In progress
Technical Services	Complete
Community Infrastructure Levy	Complete
Leisure	In progress
Council Tax	In progress
NNDR	In progress
Customer Services	In progress
Grounds maintenance	In progress
Refuse and Recycling	In progress
Creditors	In progress
Debtors	In progress
Main Accounting	In progress
Treasury Management	In progress
Payroll	In progress
Post SFIS arrangements	In progress
Rents	In progress
Money Laundering Reporting Activity	In progress
DATA protection (SIRO)	In progress
ICT	In progress
Counter Fraud Strategy	Complete

Summary	
Work complete	4
Work in progress	20
Work not yet commenced	4
Total	28

3.0 Conclusion

- 3.1 Progress against the 2015/16 plan to date has slipped a little due to a reduction in resources. As this has occurred close to the end of the financial

year it is anticipated that internal audit coverage will still be sufficient to enable an adequate assessment of the adequacy and effectiveness of the Council's overall framework of governance, risk management and control for 2015/16.

- 3.2 The Audit Manager will be addressing this matter in accordance with established procedures and bring a further update on any implications for the 2016-17 Internal Audit Plan presented elsewhere on this agenda to the next meeting of this Committee.



AGENDA ITEM: 8

AUDIT AND GOVERNANCE COMMITTEE:

22 March 2016

Report of: Borough Treasurer

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT PLAN 2016/17

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide Members with the background to the preparation of the 2016/17 Internal Audit Plan and present it for approval.

2.0 RECOMMENDATION

2.1 That the attached 2016/17 Internal Audit Plan be approved to take effect from 1/4/2016.

3.0 BACKGROUND

3.1 The Public Sector Internal Audit Standards require the preparation of a risk based Internal Audit Plan.

3.2 The plan has been prepared taking into account the Council's objectives and considering local and national influences on risks to their achievement. It is designed to evaluate the effectiveness of, and promote improvement to, the risk management, control and governance processes the Council has in place.

3.3 The resulting programme of work will provide independent assurance to both management and this Committee in relation to the effectiveness of those processes in securing the Council's objectives.

3.4 The Audit Manager considers that the coverage proposed will support an adequate and effective internal audit of the Council's accounting records and system of internal control for the period in accordance with proper practice.

4.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

4.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

5.0 FINANCIAL AND RESOURCE IMPLICATIONS

5.1 There are no significant financial or resource implications arising from this report as Internal Audit activity is included in existing budget provisions.

6.0 RISK ASSESSMENT

6.1 Approval of the Internal Audit Plan is necessary to comply with the Council's statutory duty to undertake an adequate and effective internal audit of its accounting records and system of internal control in accordance with the Accounts and Audit Regulations 2015.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

1. 2016/17 INTERNAL AUDIT PLAN



INTERNAL AUDIT PLAN 2016/17

<i>Activity</i>	<i>Days</i>
Financial Systems - probity, procurement and income collection	
Contract Audit	25
Council Tax	15
NNDR	15
Debtors	15
Creditors	15
Payroll	20
Rents	15
Benefits	15
Treasury Management	10
Corporate , Governance and Performance Management Systems	
Annual Governance Statement	2
Data Protection	10
ICT	20
Risk Management	10
New CRM / Digital inclusion	15
Communication/Consultation	15
Member Services	15
Accounting controls	10
Operational - service delivery, economy, efficiency, effectiveness	
Street Scene Strategy	20
Economic Development	15
Response maintenance	20
Voids	20
Leisure	10
Health and Wellbeing Strategy	20
Corporate anti-fraud initiatives	
National Fraud Initiative	20
Anti-fraud Systems	10
Money laundering	5
<i>Total</i>	382



AGENDA ITEM: 9

**AUDIT AND GOVERNANCE COMMITTEE:
22 March 2016**

Report of: Borough Treasurer

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: LOCAL CODE OF GOVERNANCE 2016

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set out the results of the annual review of the Council's Local Code of Governance.

2.0 RECOMMENDATION

2.1 That the Local Code of Governance for 2016/17, attached as Appendix 1 to this report, be approved.

3.0 BACKGROUND

3.1 In order to comply with best practice for producing the Annual Governance Statement, as set out in the CIPFA Solace publication "Delivering Good Governance in Local Government: Framework", it is necessary to have in place a Local Code of Governance. The Local Code identifies the Governance framework of the Authority against which it can be reviewed each year.

3.2 The terms of reference of this Committee include responsibility for approving the Council's Annual Local Code of Governance. The annual review of the Code has now been completed to ensure that it is accurate and up to date.

4.0 CURRENT POSITION

- 4.1 The Code was last amended in 2014. Since that time a new Council vision, values and priorities have been developed and the Code has been amended accordingly and a tracked change version has been attached at Appendix 1. A new management structure is also now in place and the necessary amendments have been made to the Code to reflect this change.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

- 7.1 The maintenance of a Local Code of Governance is necessary to demonstrate compliance with the Council's statutory duty under the Accounts and Audit Regulations.

Background Documents

CIPFA Solace "Delivering Good Governance in Local Government: Framework"

Equality Impact Assessment

The decision does not have a direct impact on members of the public, employees, elected members and/or stakeholders. Therefore no equality impact assessment is required.

Appendices

Appendix 1 – Local Code of Governance – updated March 2016

APPENDIX1

West Lancashire Borough Council



Local Code of Governance

CONTENTS

	Page
Introduction	3
The Core Principles of Good Governance	4
 The Council's Approach to the Application of the Six Principles:	
Implementing a vision for the area	6
The roles of Members and Officers	8
Promoting high standards of conduct	8
Informed, transparent decision making	9
Developing capacity to act effectively	9
Engaging with local people and stakeholders	10

INTRODUCTION

The contents of this Code have been developed by drawing on the CIPFA/Solace publication “Delivering Good Governance in Local Government Framework” and associated guidance, which set out “proper practice” for the publication of an Annual Governance Statement as required by Regulation 4 of the Accounts and Audit Regulations 2011.

The Council has in place arrangements to govern its activities with the aim of ensuring that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

These are comprised of the systems, processes, priorities, cultures and values by which it is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.

The Council’s governance framework brings together underlying legislative requirements, governance principles and management processes that enable it to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The publication of this document is intended to make the Council’s governance processes more transparent and increase accountability to all of the Council’s stakeholders.

The CIPFA/SOLACE framework recommends that the Council tests its arrangements against the framework principles by:

- Developing and maintaining an up to date local code of governance
- Reviewing existing governance arrangements against it
- Preparing a governance statement in which they publicly report how they have monitored their governance arrangements in the year, the extent to which they comply with their own code and any planned changes to it.

This Local Code and governance arrangements will be reviewed annually and a Governance Statement will be published each year in conjunction with its financial reports.

THE CORE PRINCIPLES OF GOOD GOVERNANCE

The CIPFA/SOLACE framework sets out how good governance can be recognised by adherence to six core principles with associated supporting principles.

The six core principles are set out below in bold together with the supporting principles which underpin them:

1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning

Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Ensuring effective Leadership throughout the Authority and being clear about executive and non-executive functions and the roles and responsibilities of the scrutiny function

Ensuring that a constructive working relationship exists between authority Members and Officers and that the responsibilities of authority Members and Officers are carried out to a high standard

Ensuring relationships between the authority and the public are clear so each knows what to expect of the other

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Ensuring authority Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

Ensuring that organisational values are put into practice and are effective

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny

Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs

Ensuring that an effective risk management system is in place

Using their legal powers to the full benefit of the citizens and communities in their area.

5. Developing the capacity and capability of Members to be effective.

Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles

Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

Encouraging best use of individuals' skills and resources in balancing continuity and renewal.

6. Engaging with local people and other stakeholders to ensure robust public accountability.

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning

Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

THE COUNCIL'S APPROACH TO THE APPLICATION OF THE SIX PRINCIPLES

Implementing a Vision for the Area

The Council's longer term vision and priorities are reviewed annually to ensure that they remain relevant. A statement of the vision, values and priorities is made available publicly in a number of formats.

CORPORATE PRIORITIES

~~The Our Council's~~ vision is to be a Council ~~to be proud of – delivering services that are lean, local and fair~~ which is ambitious for West Lancashire.

OUR VALUES

~~We will deliver our vision by continuing to be an innovative organisation~~
which:

- ~~• Prioritises customers and the services that are most important to quality of life~~ Enterprising – being innovative and creative, delivering lasting improvements;
- ~~• Work as 'one council' to provide a joined up approach~~ Inclusive – working in partnership to benefit West Lancashire and being open and involving in the way decisions are made;
- ~~• Is open and accountable in the way that it makes decisions~~ Equality – promoting equality and reducing inequality;
- ~~• Develops and values employees~~ One Council – adopting a co-ordinated approach; and
- ~~• Promotes equality and diversity; and~~ Caring – valuing and developing employees
- ~~• Works in partnership to benefit the Borough~~

OUR PRIORITIES

~~Our values underpin the way in which we will deliver our priorities and achieve our vision. Our corporate priorities are:~~

- ~~• Balancing the budget and providing the best possible services within the resources available~~ Ambitious for our economy
...retain and grow jobs, increase skills levels and encourage business and wealth.

-This means working with businesses and partners to provide land, premises and finance for businesses to match training opportunities to 'skills needs' and improve transport.;
- ~~• Focusing upon sustainable regeneration and growth within the Borough~~ Ambitious for our environment
...enhance the built and physical environment and its' cleanliness.

Local Code of Governance
Last updated March 2016

This means working with communities and partners to protect and improve our environment, keep our streets clean and tidy and combat crime and the fear of crime;

- Caring for our Borough by delivering the small improvements that can make a big difference; Ambitious for health and wellbeing ...improve the health and wellbeing of local communities.

-This means working with the West Lancashire Health and Wellbeing Partnership and with partners to provide opportunities including for leisure and culture which contribute to healthier communities. We will work to deliver housing that meets the needs of local people, including affordable housing, and aim to be a top performing landlord.

- West Lancashire Borough Council is ambitious for our businesses, our places and our people. We are committed to important projects that will benefit the borough and everyone who lives and works here. Information about the key projects that will deliver our priorities can be found in the Council Plan

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(We will minimise uncertainty for staff and stakeholders by continuing to implement a managed approach to change and explore innovation as a means to secure further value for money)

Our services will continue to prioritise the following, subject to affordability

Protect and improve the environment and keep our streets clean and tidy;
Combat crime and the fear of crime;

Work to create opportunities for and retain good quality jobs in particular for local people;

To be a top performing landlord

Improve housing and deliver housing that meets the needs of local people, including affordable housing; and

Provide opportunities for leisure and culture that together with other council services contribute to healthier communities

PERFORMANCE

We manage our performance by using performance indicators to highlight any areas of concern at the earliest opportunity. We also manage performance against a number of Priority Delivery projects (those identified in the Business Council Plan as being the most important in terms of achieving the Council's priorities). We do this by monitoring progress against key milestones and targets.

The Council has an agreed suite of Corporate Performance Indicators aimed at meeting the Borough's needs and priorities. They are key to monitoring, and thereby managing, the Council's performance in achieving the aims of

| the [Business Council Plan](#). They are monitored annually and, where appropriate, quarterly by Members.

These are supplemented by other operational and management indicators/measures (the “local” PIs) which reflect our corporate priorities and are monitored regularly by Senior Management, Portfolio Holders and within the individual service areas.

| The [Council’s Business Plan 2011-15](#)[Council Plan 2015-18](#) is supported by a Delivery Plan which details key projects, milestones and targets. This is monitored regularly by both Chief Officers and Members. Progress against the Delivery Plan, which also contains key overarching targets for the Council, will be reported yearly to Members, partners and the public through an Annual Report.

Indicators are managed and monitored within the Council’s performance management system, Covalent. Indicators are linked to Service Priorities, Key Projects and Service Action Plans, which are also managed through the Covalent system.

Internal and External Audit regularly examine performance indicators as part of their review work.

GOVERNANCE

The Council has in place a Protocol which sets out how the essential elements of local governance, accountability and transparency will be maintained within any proposed arrangements for service delivery through partnerships.

A Medium Term Financial Forecast and Treasury Management Strategy and Policy are maintained which fully assess the potential financial risks facing the Council.

The Council follows and complies with CIPFA’s Code on a Prudential Framework for Local Authority Capital Finance and CIPFA’s Treasury Management Code.

Advice from Statutory Officers, along with Member input, plays a key part in the decision making process of the Council to ensure the effective use of resources and achievement of objectives.

The Council has in place a clearly defined complaints process which enables it to identify and learn from any failings in service delivery.

The Roles of Members and Officers

The Council’s [Constitution](#) clearly sets out the respective roles and responsibilities of the Council, its Executive and Overview and Scrutiny

Local Code of Governance
Last updated March 2016⁴

Field Code Changed

functions, and delegations to Committees, Portfolio Holders and Chief Officers as well as those functions which by statute are to be exercised by a designated "Proper Officer". It also delineates the Council's Management Structure.

As part of the Constitution the Council has agreed a Protocol on Member/Officer Relations and Conventions for the Management of Council Business.

Promoting High Standards of Conduct

As part of the Constitution the Council has adopted the Members' Code of Conduct and an Officer's Code of Conduct. The Council has a Standards Committee whose role is to promote and maintain high standards of conduct by councillors and co-opted members.

The Council's Human Resources team lead and monitor on Equality issues. An Equality Scheme Action Plan ~~2011-14~~ is in place to ensure the Council conforms with the Equality Act 2010 requirements. 'Approach to Equality' and 'Equality in Employment' documents are available to all staff and an Equality and Diversity Corporate Steering Group meets periodically to monitor compliance. ~~Arrangements have recently been reviewed and new objectives put in place for 2014 and beyond~~

SERVICE STANDARDS

We have a number of core customer service standards which apply to all customers and staff. These corporate customer care standards provide a clear commitment of our desire to attain an effective and consistent customer service making our services easier to understand and access; they include responses to letters and emails, telephone calls, complaints, visits to our offices, visits to customer's homes and out of hours emergencies; they cover targets and the attitude and behaviour of staff and customers.

We are committed to improving, front-line services for residents and visitors to the Borough. To underline this we also have a set of service standards for each key front-line service, available on the Council's [Website](#), which are linked to our priorities.

Informed, Transparent Decision Making

The Council publishes Key Decision Forward Plans which set out those executive decisions it knows it will be considering in advance for the information of interested stakeholders. In addition, appropriate notice of meetings of Council bodies is given together with the publication of the agenda and all available reports.

It has arrangements in place to ensure that conflicts of interest for members and officers are explicitly identified and dealt with before decisions are taken.

Guidance for report authors sets out matters which must be explicitly considered in the production of any report, including financial, resource and equality implications. These provide documentary evidence of the rationale behind any recommendations.

All decisions of the Council, Cabinet and Committees are formally minuted. Information about the Council's Committees including membership, meeting timetables, Agendas and Minutes can be accessed through the Council's [Committee Information System](#).

The Council has adopted a formal Risk Management Strategy and process which is fully embedded throughout the Authority and forms an integral part of the management process. A dedicated resource is committed to this area of work to ensure consistency and compliance throughout the Authority. Cabinet receives reports against the Key Risk Register which are available for call-in through the Overview and Scrutiny process.

Guidance on effective internal financial controls are detailed within the Council's [Financial Regulations](#).

The Council has in place a Data Quality Protocol to ensure the accuracy, relevance and reliability of data produced for use by internal and external stakeholders.

Developing Capacity to act Effectively

The ~~Managing Director (People and Places)~~ [Chief Executive](#) takes a leading role in developing Members of the Council through the Member Development Commission. ~~The Managing Director (Transformation) and~~, through the HR service, develops Officers ~~through by means of~~ the Development Appraisal Scheme which enables them to continue delivering high quality services.

Audit and Governance Committee Members receive training, in both financial and non financial matters, to support them in their role.

Engaging with Local People and Stakeholders

West Lancashire Borough Council is committed to consulting local people and we are keen to gather your views. The Council has a consultation diary in the ["Your Views"](#) section of its website. This provides information on recent, current and future consultation activities as well as information on how you can get involved.

~~The "Duty to involve", is a statutory requirement for all Councils aimed at ensuring people have greater opportunities to have their say. The Council~~

Local Code of Governance
Last updated March 2016⁴

Page 10 of 11

Field Code Changed

| ~~has devised an Action Plan for Corporate Consultation in response to the requirements of the Duty.~~



AGENDA ITEM: 10

AUDIT AND GOVERNANCE COMMITTEE:

22 March 2016

Report of: Borough Treasurer

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: EXTERNAL REVIEW OF INTERNAL AUDIT

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To update Members on the position in relation to the commissioning of a review of the Internal Audit Quality Assurance and Improvement Programme (QAIP).

2.0 RECOMMENDATION

2.1 That consideration be given to the timetable for and means of securing an external review given the need to include appropriate budget provision for 2017/18.

3.0 BACKGROUND

3.1 The Public Sector Internal Audit Standards (the Standards) require the Audit Manager to have in place a Quality Assurance and Improvement Programme (QAIP). There is a requirement for this programme to be externally assessed at least once every five years.

3.2 This requirement could be met by

- A suitable peer group review process.
- Review by a suitably qualified organisation providing services on a commercial basis e.g. a firm of Accountants or the Institute of Internal Auditors.

3.3 This Committee considered the matter on the 27th January 2015. At that time there was no clear road map in place for commissioning the Lancashire Peer Review process and members resolved that the review should be commissioned

from an independent professional body with no expression of interest being made in relation to joining the Lancashire wide peer group review process.

4.0 CURRENT DEVELOPMENTS

- 4.1 Since members considered the matter the Lancashire Districts have agreed a methodology for carrying out peer reviews and the vast majority of authorities in the Lancashire group have committed to taking part in the exercise with the time left for entry by further participants now almost expired.
- 4.2 As a review is required to have been completed by the end of March 2018 provision will need to be made in the 2017/18 budget for the cost of review by an independent professional body. This can be achieved through the budget setting process for 2017/18, which will commence later this year.
- 4.3 Commercial suppliers are beginning to emerge in the public sector review market but there is still no substantial track record of review for authorities of a similar size to West Lancashire on which to base an indicative estimate of the likely costs or to differentiate between the relative merits of the services on offer from the various suppliers.
- 4.4 The cost of any review will be based on consideration of the scale of internal audit activity and the systems covered, and the only way to obtain an accurate estimate of costs will be to invite quotations from a number of suppliers for comparison.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 Commissioning of an external assessment will require a suitable budget provision in 2017/18. There is no reliable historical information on the likely scale of fees on which to base such provision.

7.0 RISK ASSESSMENT

- 7.1 A review of Internal Audit in accordance with the Public Sector Internal Audit Standards is required to ensure that the Council complies with statutory requirements and must be completed by 31/3/2018

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Audit & Governance Committee Work Programme – 26 January 2016

Date	Training (commencing 6.30pm)	Items
June 2016	Council's Accounts	<ol style="list-style-type: none">1. Grant Thornton – Progress Update2. Internal Audit Annual report3. Internal Audit Activities – Quarterly Update4. Annual Governance Statement5. Statement of Accounts6. RIPA Act Quarterly Monitoring of Use of Powers7. Risk Management Framework
September 2016	Procurement to include:- <ul style="list-style-type: none">• Value for Money• Social Value• E-tendering• SME's (Small and medium-sized enterprises)	<ol style="list-style-type: none">1. Grant Thornton – Progress Update2. Grant Thornton – Audit Findings Report3. Approval of Statement of Accounts4. Internal Audit Activities – Quarterly Update5. RIPA Act Annual and Quarterly Monitoring Use of Powers6. Annual Review – Anti-Fraud, Bribery and Corruption Policy
January 2017	Treasury Management to include Value for Money	<ol style="list-style-type: none">1. Grant Thornton – Progress Update2. Internal Audit Activities – Quarterly Update3. RIPA Act quarterly monitoring of use of powers4. Grant Thornton Annual Audit Letter5. Grant Thornton Certification Letter6. Treasury Management
March 2017		<ol style="list-style-type: none">1. Grant Thornton – Progress Update2. Local Code of Governance3. Internal Audit Activities – Quarterly Update4. Internal Audit Plan 2017/185. RIPA Act quarterly monitoring of use of powers6. Grant Thornton – Audit Plan