

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON 20<sup>TH</sup> MARCH, 2018**

*PRESENT –*

*Councillor P. White – (Vice- Chairman in the Chair)*

*Councillor N. Ahmed*

*Councillor D. Lord*

**Also in attendance**

<i>M. Heap</i>	<i>Grant Thornton UK LLP</i>
<i>N. Krajewski</i>	<i>Grant Thornton UK LLP</i>
<i>T. De Zoysa</i>	<i>Grant Thornton UK LLP</i>
<i>D. Langton</i>	<i>Chief Executive PBC</i>
<i>F. Khaliq</i>	<i>Audit Manager PBC</i>
<i>C. Finn</i>	<i>Corporate Accountant PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

*(Apologies were received from Councillors M. Ammer and L. Davy.)*

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**137. DECLARATION OF INTERESTS**

Members were reminded of the legal requirements concerning the declaration of interests.

**138. MINUTES**

The Minutes of the last meeting of the Committee held on 25<sup>th</sup> January, 2018 were submitted for approval.

**RESOLVED**

That the Minutes be agreed as a correct record and signed by the Chairman.

**139. EXTERNAL AUDIT PLAN 2017/18**

M. Heap from Grant Thornton presented an overview of the planned scope and timing of the statutory audit of the Council and highlighted some key points.

The auditors' final visit would be in June. The results of their value for money audit work and the key messages arising would be reported in their Audit Findings Report and in the Annual Audit Letter later in the year.

Clarification was sought on the auditors' checks on the valuations of land and buildings. It was explained that valuations in the Accounts would have been calculated in accordance with accounting standards, which might mean they were valued according to their use rather than how they would be valued on the open market. Grant Thornton assured Members that valuations were

not taken on face value, and work was undertaken to ensure they were consistent with their expectations based on the provisions of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and relevant accounting standards.

**RESOLVED**

That the External Audit Plan 2017/18 be noted.

**140. EXTERNAL AUDIT – UPDATE**

N. Krajewski presented an update on the work of the External Auditors as at 9<sup>th</sup> March against the work planned for 2017/18. The final accounts audit was due to begin in June with the findings reported in July. The findings of the Value for Money risk assessment would be reported as part of that report.

The report also provided a sector update with a summary of emerging national issues and developments for information. This included an update on the third report of the Public Sector Audit Appointments on the results of auditor's work in 2016/17. It was noted that Pendle Council was one of the 83 principal bodies (17%) that had received an unqualified opinion on their 2016/17 accounts by 31<sup>st</sup> July.

**RESOLVED**

- (1) That the update on the work of the External Auditors be noted.
- (2) That the Finance Team, assisted by colleagues across the Council, be thanked for their hard work in enabling the Council to receive an unqualified opinion on the 2016/17 Accounts by 31<sup>st</sup> July.

**141. INTERNAL AUDIT PLAN 2018/19**

The Audit Manager submitted a report seeking approval of the Internal Audit Plan for 2018/19.

The Plan provided for a chargeable audit resource of 338 days which equated to around 67% of total available days. The Plan included amendments to the original plan in the light of comments from Senior Management, but the risk coverage and resources had remained the same. The Plan also included 15 days for computer audit and further details into the arrangements for 2018/19 would be brought back to this Committee in due course.

**RESOLVED**

That the Internal Audit Plan for 2018/19, as set out at Appendix A of the report, be approved.

**142. INTERNAL AUDIT UNIT – PROGRESS REPORT**

The Audit Manager submitted a report with an update on progress against the Internal Audit Plan for 2017/18 to the end of February 2018. 19 reviews had been completed. No "Limited Assurance" audit opinions had been issued.

**RESOLVED**

That the progress made against the Audit Plan for 2017/18, as set out at Appendix A of the report, be noted.

**143. INTERNAL AUDIT RECOMMENDATION DATABASE**

The Audit Manager submitted a report that summarised progress on the implementation of internal audit recommendations at 28<sup>th</sup> February 2018. Of 114 recommendations made by Internal Audit, 65 had been implemented, and 39 were in the process of being implemented by Management. There were 2 Priority 2 recommendations which were not to be implemented by Management and an explanation for this decision had been provided at Appendix B of the report. There were also 8 Priority 2 recommendations where the agreed implementation date had passed. Internal Audit was following these up with Management to ensure steps were being taken to manage the risks identified.

**RESOLVED**

- (1) That the progress made on the implementation of Internal Audit recommendations up to the 28<sup>th</sup> February 2018 be noted.
- (2) That the Audit Manager request Service Managers to respond as soon as possible to the outstanding Priority 2 recommendations outlined in the report.

**144. 2017/18 CLOSURE OF ACCOUNTS 2017/18 & ACCOUNTING POLICIES**

The Financial Services Manager submitted a report to update the Committee on the Accounting Code of Practice for 2017/18; the arrangements for the public inspection period of the accounts and to request approval of the Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31<sup>st</sup> March 2018. There were discussions about resources in the Finance Team due to the replacement of the Financial Services Manager and maternity leave for 3 members of staff, and how this was being addressed.

**RESOLVED**

- (1) That the main changes arising from the 2017/18 Accounting Code of Practice which impact on the preparation of the Council's financial statements for the year be noted.
- (2) That the timetable for the publication of the draft statement of accounts and rights of public inspection resulting from the Accounts and Audit Regulations 2018 be noted.
- (3) That the Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31<sup>st</sup> March 2018 be approved.
- (4) That the Finance Team be thanked for their work in preparing the 2017/18 Accounts, particularly in view of increasing pressure on resources.

**145. GOING CONCERN STATUS 2017/18**

The Financial Services Manager submitted a report on the assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2017/18.

**RESOLVED**

That the outcome of the assessment made of the Council's status as a "going concern" for the purposes of preparing the Statement of Accounts for 2017/18 be accepted.

**146. GAINING MANAGEMENT ASSURANCE**

The Financial Services Manager submitted a letter from Grant Thornton to the Chairman of the Accounts and Audit Committee with several questions about how the Committee gained assurance over management processes and arrangements. Also attached was the draft response which it was intended to send at the end of the financial year.

**RESOLVED**

That the letter from Grant Thornton be noted and the response from the Chairman of this Committee be sent at the end of the financial year.

**147. EXTERNAL AUDIT FEES 2018/19**

The Financial Services Manager submitted a report on the fee scale for the audit of the 2018/19 accounts as published by the Public Sector Audit Appointments in March 2018. For Pendle Council the audit fee for 2017/18 was £31,285 which represented a 23% reduction on the current fee. The fee reduction did not mean that there would be a change in the scope, volume or quality of audit work required by Grant Thornton.

**RESOLVED**

That the 2018/19 published audit fee for Pendle Council be noted.

**148. INDEPENDENT MEMBER - VACANCY**

The Financial Services Manager submitted a report which informed the Committee that Mr M. Youlton, one of two Independent Member of the Committee, had stood down from the Committee and discussed the arrangements for the appointment of a replacement Independent Member. It was also reported that the second Independent Member had recently been promoted and that there was a possibility of a second resignation.

**RESOLVED**

- (1) That the request from Mr Youlton to stand down from the Committee be acknowledged and that he be thanked for his contribution to the Committee's work.
- (2) That delegated authority be granted to the Financial Services Manager, in consultation with the Committee Chairman and Vice-Chairman, to conclude the appointment of a replacement Independent Member, and a further replacement Independent Member if required, using the approach set out in the report.

**149. TREASURY MANAGEMENT 2016/17 – QUARTER 4 MONITORING REPORT**

The Financial Services Manager submitted a report on the treasury management activities of the Council in the final quarter of the current financial year. The report provided a summary of the activity undertaken in relation to the Council's debt and investments. An analysis of the Public Works Loan Board long-term debt and a maturity profile were provided as appendices to the report.

**RESOLVED**

That the work on the Council's treasury management activities in the final quarter of the current financial year be noted.

**150. TREASURY MANAGEMENT PRACTICES - UPDATE**

The Financial Services Manager submitted a report seeking approval for the updated Treasury Management Practices (TMPs) and Schedules following revision of the CIPFA Code of Practice and Cross-Sectoral Guidance Notes on Treasury Management in December 2017. The updated TMPs at Appendix A of the report supported the delivery of the Treasury Management Strategy and Policy which was to be presented to Council later in the week. The schedules at Appendix B demonstrated how the Council complied with each of the TMPs.

**RESOLVED**

That the updated Treasury Management Practices and Schedules be approved.

**151. RISK MANAGEMENT UPDATE**

The Financial Services Manager submitted an update on the Council's risk management framework. During 2017 the Council approved an updated risk management policy and strategy. Under the new framework the Council had adopted a 5 by 5 rather than 3 by 3 risk matrix. Appendix A set out a comparison of the current risk register assessed against the former 3 by 3 risk matrix. In future the strategic risk register would include cyber security and data management following the implementation of General Data Protection Regulation in May 2018.

In response to a request at a previous meeting, the Chief Executive gave a presentation on a "Major Disaster Affecting Delivery of Council Services" and answered questions arising. The presentation showed the systems the Council had in place to deal with a major emergency and to get key services up and running. Although the arrangements were generic, there were tests with partners at least once a year where the systems were tested with a specific scenario. Blue light services fed into this desk-top exercise. Examples were given of risk mitigation and day to day practical mitigation. A diagram set out the various steps in the response phase and following recovery phase. The most recent major disaster had been the flooding in Earby which occurred on Boxing Day 2015. Lessons had been learnt from the way this event was handled. Arrangements were in place to deal with a similar incident and were regularly reviewed.

**RESOLVED**

That the update on the Council's risk management framework and the content of the "Major Disaster affecting the delivery of Council Services" presentation be noted.

Chairman \_\_\_\_\_