

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON TUESDAY 30TH JULY, 2019**

PRESENT –

Councillor T. Cooney – (Chairman, in the Chair)

*Councillor B. Newman
Councillor K. Turner
Councillor Q. Shazad*

*Y. Tennant (Substitute)
Mr D. Whatley*

Also in attendance

*Councillor D. Lord Pendle Borough Council (PBC)
M. Heap Grant Thornton UK LLP
M. Dixon Grant Thornton UK LLP
D. Langton Chief Executive PBC
S. Guinness Chief Financial Officer PBC
C. Finn Accountancy Manager PBC
F. Khaliq Audit Manager PBC
J. Eccles Committee Administrator PBC*

(Apologies were received from Councillor M. Ammer.)



1. DECLARATION OF INTERESTS

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

2. MINUTES

The Minutes of the last meeting held on 18th March, 2019 were submitted for approval.

RESOLVED

That the Minutes of 18th March, 2019 be agreed as a correct record.

3. APPONTMENT OF VICE-CHAIRMAN

RESOLVED

That Councillor K. Turner be appointed Vice-Chairman of the Committee for the Municipal year 2019/20.

4. EXTERNAL AUDIT – DRAFT AUDIT FINDINGS REPORT 2018/19

M. Heap presented the Draft Audit Findings report which highlighted the key matters arising from Grant Thornton's audit of the Council's financial statements for the year ended 31st March 2019 and answered related questions.

The outstanding queries referred to in the report had now been resolved, and so, subject to receipt of the Letter of Representation, Grant Thornton anticipated providing an unqualified audit opinion on the Council's financial statements, which was detailed at Appendix C. It concluded that in all significant respects, the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31st March 2019. Grant Thornton also proposed to give an unqualified Value for Money assurance opinion.

RESOLVED

- (1) That the Draft Audit Findings for Pendle Borough Council by the External Auditors be accepted.
- (2) That thanks be given to the Finance Team for their work and co-operation with Grant Thornton during the year.

5. LETTER OF REPRESENTATION 2018/19

The Chief Financial Officer submitted a report on the requirement to provide the External Auditors with a Letter of Representation in relation to the Council's Statement of Accounts for 2018/19.

RESOLVED

That the requirement for the Chief Financial Officer (as the Council's Section 151 Officer) to provide the External Auditors with a Letter of Representation in relation to the Statement of Accounts for 2018/19 be noted and the Chairman of the Committee countersign the Letter of Representation.

6. STATEMENT OF ACCOUNTS – 2018/19 (AUDITED)

The Chief Financial Officer presented for approval the Statement of Accounts for 2018/19, including amendments arising from the work of External Audit as at 17th July, 2019, and answered related questions.

The draft (pre-audit) accounts were completed and published on the Council's website on 31st May 2019. The consultation period ended on the 12th July. Grant Thornton commenced their on-site audit of the accounts on 3rd June and their work was nearly complete. No changes had been required to the core statements. The amendments so far had related mainly to a small number of disclosure notes.

One non material unadjusted misstatement had been identified in the accounts arising from a change in the estimation of the LG Pension Scheme liabilities following the recent McCloud judgement. Management had determined not to amend the financial statements for this issue as the adjusting amount was not material. Audit adjustments were detailed in Appendix A, together with a small number of disclosure changes.

Subject to the Committee's approval and receipt of the Auditor's Opinion, the accounts would be published on the Council's website. On completion of the audit by Grant Thornton, a "Notice of Conclusion of Audit" would also be published advising that the Audit of the Council's accounts had been completed and giving details of where the accounts could be inspected.

RESOLVED

- (1) That the Statement of Accounts for 2018/19 including the Annual Governance Statement and Narrative Report be approved.
- (2) That the Finance Team assisted by colleagues across the Council, be thanked for their hard work in bringing forward the Accounts for approval.

7. ANNUAL REPORT – INTERNAL AUDIT OPINION

The Audit Manager submitted the Annual Internal Audit Opinion Report for 2018/19 which gave information on the activities of the Internal Audit Unit during 2018/19.

Internal Audit had completed 19 audits up to the end of March 2019 and a further 10 were completed in early 2019/20. 2 Computer Audit reviews were completed by Mersey Internal Audit Agency (MIAA). All high risk and key financial systems were reviewed. A table appended to the report showed the level of assurance issued for each review including those that slipped into 2019/20. There were 3 “Limited Assurance” opinions given during the year – the two MIAA computer audit reviews and one related to Sundry Debtors in Treasury Services. The Audit Manager said he would look at whether additional audits were needed in these areas later in the year when undertaking the Audit Review.

The Audit Manager had concluded that **substantial assurance** could be taken that arrangements in place to secure governance, risk management and internal controls within those areas audited were suitably designed and applied effectively. This was reflective of the high number of substantial or full assurance opinions provided.

RESOLVED

That the Annual Internal Audit Opinion report for 2018/19 be noted.

8. INTERNAL AUDIT – REVIEW OF EFFECTIVENESS IN 2018/19

The Audit Manager submitted a report that gave various forms of assurance to enable the Committee to review the effectiveness of the Council’s system of internal audit.

RESOLVED

That it be accepted that the evidence in the report demonstrated an effective system of internal audit and provided an assurance on the overall effectiveness of the Council’s arrangements in 2018/19.

9. INTERNAL AUDIT 2019/20 – PROGRESS REPORT

The Audit Manager submitted an update on progress against the Internal Audit Plan for 2019/20 at 30th June 2019 and answered related questions. The Audit Manager was pleased to report that no “Limited Assurance” audit opinions had been issued. At this stage in the year, it was expected that the Audit Plan would be delivered on time.

The status on implementation in respect of Priority 1 and Priority 2 recommendations issued in each final report since April 2018 were shown in Appendix B. There were no recommendations outstanding prior to this date. Of 79 recommendations, 12 had been implemented and 63 were in

the process of being implemented by Management. MIAA were following up 3 overdue recommendations for ICT during 2017-18, which had been partially implemented. There was 1 Priority 2 recommendation which was not to be implemented by Management and an explanation had been provided at Appendix C.

RESOLVED

- (1) That the progress made against the Audit Plan for 2019/20 set out at Appendix A of the report be noted.
- (2) That the progress made on the implementation of Internal Audit recommendations set out in Appendices B and C of the report, be noted.

10. RISK MANAGEMENT – UPDATE OF THE STRATEGIC RISK REGISTER 2019/20

The Chief Financial Officer submitted a report which provided an update on the Council's Strategic Risk Register which formed an important part of the corporate governance arrangements. No risks had been deleted. 4 risks had been given an amended Residual Risk Score and 3 new risks had been added.

The Strategic Risk Register was attached to the report at Appendix 1. The Council's Risk Management Strategy had been revised and approved by Members in 2017. It was set out at Appendix 2 to provide context to the Strategic Risk Register.

RESOLVED

- (1) That the updated Strategic Risk Register set out at Appendix 1 of the report be noted.
- (2) That the contents of the Risk Management Strategy set out at Appendix 2 of the report be noted.

11. TREASURY MANAGEMENT 2019/20 – QUARTER 1 MONITORING REPORT

The Chief Financial Officer presented a report on the treasury management activities of the Council in the period 1st April to 30th June 2019. The report provided a summary of the activity undertaken in relation to the Council's debt and investments. An analysis of the long-term debt and a maturity profile were provided as appendices to the report. The report included the investment approaches offered to LAs based on "Deal" or "No Deal" scenarios. As Brexit negotiations continue, the Council would continue to review this position and the implications.

RESOLVED

That the work on the Council's treasury management activities in the period 1st April to 30th June 2019 be noted.

Chairman _____