

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD REMOTELY VIA TEAMS  
ON 26<sup>TH</sup> JANUARY, 2021**

*PRESENT –*

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

*Councillor M. Iqbal  
Councillor C. Carter  
Councillor B. Newman*

*Mr D. Rothwell  
Mr D. Whatley*

***Also in Attendance***

<i>S. Iqbal</i>	<i>Grant Thornton UK LLP</i>
<i>R. Parker</i>	<i>Merseyside Internal Audit Agency</i>
<i>D. Langton</i>	<i>Chief Executive, PBC</i>
<i>C. Finn</i>	<i>Accountancy Manager PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>



**49. DECLARATION OF INTERESTS**

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

**50. MINUTES**

**RESOLVED**

That the Minutes of 10<sup>th</sup> November, 2020 be agreed as a correct record and signed by the Chairman.

**51. MATTERS ARISING**

The Chief Executive reported that on 21<sup>st</sup> January the Council's Policy and Resources Committee considered the outcome of the tender process for the provision of the Internal Audit Service and agreed for Mersey Internal Audit Agency to be the Council's preferred Bidder for three years 2021/22 to 2023/24. He had written to them earlier in the day to confirm the appointment.

**52. APPOINTMENT OF VICE-CHAIRMAN**

**RESOLVED**

That Councillor C. Carter be appointed Vice-Chairman of this Committee for the remaining Municipal year 2020/21.

**53. EXTERNAL AUDIT UPDATE**

S. Iqbal from Grant Thornton reported that planning for the 2020/21 audit would be starting next week. Since the last meeting, they had audited the Council's Housing Benefit Subsidy claim for

2019/20. This had been certified today and sent to DWP, in advance of the end of the month deadline.

**RESOLVED**

That the work of the External Auditors be noted.

**54. 2019/20 ANNUAL AUDIT LETTER**

S. Iqbal presented the Annual Audit Letter from Grant Thornton summarising the key findings arising from the work they had carried out at the Council for the year ended 31<sup>st</sup> March 2020.

The draft key findings had been presented at the last meeting on 10<sup>th</sup> November, when Grant Thornton concluded that in all significant respects, the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

This report certified that they had completed the audit of the financial statements of Pendle Borough Council in accordance with the requirements of the Code of Audit Practice on 30<sup>th</sup> November 2020. It confirmed their value for money opinion and gave an unqualified opinion on the Council's financial statements on 30<sup>th</sup> November 2020.

On page 15 the report referred to the additional audit work required in view of the Covid-19 pandemic which could be claimed back from Government.

**RESOLVED**

That the Annual Audit Letter be noted and a claim be submitted to Government for the additional External Audit costs in relation to Covid-19.

**REASON**

- 1. To be kept informed of the External Auditor's work.**
- 2. To help pay for the increased cost of External Audit in 2019/20.**

**55. INTERNAL AUDIT PLAN 2020/21 – PROGRESS REPORT**

MIAA submitted a report in respect of the assurances, key issues and progress made against the Internal Audit Plan for 2020/21. R. Parker talked Members through the report highlighting work in progress and the working arrangements. She was pleased with progress and was confident that the Plan would be delivered on time.

She drew members' attention to the key messages in the report in Section 4 of the report and Appendix A which set out the overview of delivery for 2020/21. Since the last meeting a number of reports had been finalised or were in progress. The only outstanding core system review was of the Key Financial Systems which was scheduled for February. There were no critical or high risk recommendations to bring to the Committee's attention.

Appendix C of the report set out the assurance definitions and risk classifications used by MIAA and the Council (PBC). There were 5 MIAA levels of assurances compared to 4 by PBC and 4 risk ratings at MIAA compared to 3 at PBC. It was recommended that going forward the Council move to using the same ones as MIAA.

R. Parker invited members of the Committee to attend any of the events detailed on page 4 of the report. She was attending regular meetings of the Lancashire Head of Audit Group and hosting the next meeting on 6<sup>th</sup> March. She offered to raise any issues there on members' behalf.

## **RESOLVED**

- (1) That the progress made against the Internal Audit Plan for 2020/21 be noted.
- (2) That the Council change to using MIAA's assurance definitions and risk classifications.

## **REASON**

1. *To demonstrate that the Committee is monitoring the work of Internal Audit.*
2. *Moving to the same assurance definitions and risk classifications as MIAA will help the Internal Audit process.*

## **56. TREASURY MANAGEMENT 2020/21 – QUARTER 3**

The Accountancy Manager presented a report on the treasury management activities of the Council for the period 1<sup>st</sup> April to 31<sup>st</sup> December 2020.

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 was provided at Appendix A with a maturity profile at Appendix B. An Approved Counterparty Lending List was attached at Appendix C.

He drew Members' attention to paragraph 11 in the report and the Council's revised borrowing strategy – no external borrowing to be undertaken during 2020/21 to fund capital slippage brought forward from 2019/20; no re-financing of maturing debt and no investment in commercial activity. At the beginning of this financial year, the Council held loans of £23.359m, comprised wholly of Public Works Loan Board debt. No additional borrowing had been undertaken in 2020/21. The Council would instead use surplus cash balances in lieu of external debt.

The revenue budget for debt charges had been revised from £1.354m to £1.182m to reflect the change in borrowing strategy and reduced interest payable. The original estimate for investment income was £100k had been revised to £40k reflecting the anticipated reduction in the return on investment.

## **RESOLVED**

That the work on the Council's treasury management activities from 1<sup>st</sup> April to 31<sup>st</sup> December 2020 be noted.

## **57. CORPORATE GOVERNANCE AND STRATEGIC RISK UPDATE**

The Corporate Governance Working Group submitted an update on the 'good governance' matrix published jointly by CIPFA and SOLACE in 2016 and on which details of an initial self-assessment were reported to this Committee in January 2017, and periodically thereafter.

It was evidenced in the self-assessment that overall the Council's governance arrangements were generally good and demonstrated compliance with the principles set out in the Code. However,

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there were some areas where it was felt the existing arrangements could be strengthened or required improvement. An update on each of these areas was detailed in the report.

An update was provided on the 2019/20 Action Plan contained in the Annual Governance Statement included within the Statement of Accounts for 2019/20, showing the actions taken since the Accounts were approved.

There was a discussion on Action 4 and the recruitment drive to appoint the Chief Financial Officer, a post the Chief Executive was currently covering, a Financial Services Manager and a Technical Accountant. Two other people in the Finance Team were also retiring. In the meantime, suitably qualified interims had been appointed to provide capacity to deliver the service.

The report also gave an update on the Council's risk management arrangements. It was noted that the main factor having bearing on the key risks facing the Council was the Coronavirus pandemic. As a consequence, the Residual Risk Score for the risk 'National crisis affecting delivery of Council services (e.g. viral outbreak/epidemic/pandemic)' had been increased from A2 to A1. Most people, where possible were now working from home, and had the IT equipment they needed.

In terms of financial sustainability, the Council had a balanced budget for 2021/22. Most of the reserves had been used. This year an underspend of £197k was anticipated. However, there remained a great deal of uncertainty over the Council's future income. This was the second successive year that the Government had announced a one-year Spending Review, due primarily to Covid-19. The Government was due to undertake a full Comprehensive Spending Review in 2021 and would be looking at the potential fundamental changes in the funding of local government arising from the anticipated Fair Funding Review and potential changes to the Business Rates Retention System.

### **RESOLVED**

- (1) That the updated position on actions identified from the initial self-assessment of the CIPFA/SOLACE Good Governance framework and the Council's Annual Governance Statement for 2019/20 be noted.
- (2) That the current developments linked to the Council's risk management arrangements be noted.
- (3) That the Accountancy Manager be thanked for his work at Pendle Council and wished all the best in his new post.
- (4) That thanks be passed on to all officers for supporting the work of the External and Internal Auditors, in these challenging times.

### **REASON**

- 1. To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.**
- 2. To pass on to all those involved the thanks and appreciation from members of the Committee and the Internal and External Auditors.**

Chairman \_\_\_\_\_