

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD REMOTELY VIA TEAMS
ON 23RD MARCH, 2021**

PRESENT –

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

*Councillor C. Carter
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 (MIAA)</i>
<i>D. Langton</i>	<i>Chief Executive, PBC</i>
<i>F. Greenway</i>	<i>Chief Finance Officer, PBC</i>
<i>J. Cole</i>	<i>Interim Accountancy Manager PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

(Apologies were received from G. Jones (Grant Thornton) and Councillors M. Ammer, M. Iqbal and B. Newman)



58. COUNCILLOR A. R. GREAVES

On behalf of the Committee, the Chairman expressed condolences at the recent passing of Councillor Tony Greaves and held a minute's silence as a mark of respect.

59. DECLARATION OF INTERESTS

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

60. MINUTES

RESOLVED

That the Minutes of 26th January, 2021 be agreed as a correct record and signed by the Chairman.

61. EXTERNAL AUDIT UPDATE

S. Iqbal from Grant Thornton talked Members through their external audit progress report and sector update.

They were undertaking their initial planning and interim audit for the 2020/21 audit in March 2021. They expected to begin their work on the Council's draft financial statements in July and aimed to give their opinion on the Statement of Accounts by 30th September 2021.

The new Code of Audit Practice came into force on 1st April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and

associated recommendations, if required. It was noted that this approach was more complex and would lead to increased work. The Government had allocated an extra £15m towards the additional work, but it was not clear how much would be allocated to each local authority. It was for PSAA to set the fees for the work. The amount would be reported to this Committee in due course.

RESOLVED

That the work of the External Auditors be noted.

REASON

To demonstrate that the Committee is monitoring the work of External Audit.

62. INTERNAL AUDIT PROGRESS REPORT 2020/21

MIAA submitted a report in respect of the assurances, key issues and progress made against the Internal Audit Plan for 2020/21.

R. Parker drew members' attention to the key messages in Section 3 of the report and Appendix A which set out the overview of delivery for 2020/21. They were all on schedule. Since the last meeting MIAA had completed audits of Corporate Health and Safety (Substantial Assurance) and GDPR (Moderate Assurance). There were a couple of high risk recommendations following the GDPR Review which were set out at Appendix B. Management had agreed for these to be implemented by September 2021. A number of other audits were in progress. The follow up position showed that 70% of recommended actions had been fully or partially implemented.

Appendix C of the report set out the assurance definitions and risk classifications used by MIAA which the Committee had agreed to use at the last meeting.

RESOLVED

That the progress made against the Internal Audit Plan for 2020/21 be noted.

REASON

To demonstrate that the Committee is monitoring the work of Internal Audit.

63. DRAFT INTERNAL AUDIT PLAN 2021/22

R. Parker presented MIAA's draft Internal Audit Plan for 2021/22 which included core assurances, national and regional risk areas, strategic risks from the corporate risk register and management requests. This had been discussed at Management Team earlier in the month and was coming to this meeting for approval. The plan, set out at Appendix A of the report, gave brief details of each review and scope, the risk register score, planned delivery and assignment days. The 3 year Strategic Audit Plan was set out at Appendix B.

There were a number of questions about the remit of particular audits. It was noted that diversity and inclusion did not feature in the Plan.

RESOLVED

- (1) That R. Parker and the Chief Executive have discussions about the inclusion of diversity in the draft internal audit plan 2021/22.
- (2) That the draft internal audit plan 2021/22 be noted.

REASON

To agree the internal audit plan for 2021/22.

64. CORPORATE GOVERNANCE AND STRATEGIC RISK UPDATE

The Corporate Governance Working Group (CGWG) 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, 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 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.

The report also gave an update on the Council's risk management arrangements. The CGWG had undertaken a review of the Strategic Risk Register and the top strategic risks were set out in the report. It was noted that top of the list was sustainability. The main factor having a bearing on the key risks facing the Council was the Coronavirus pandemic and the Government's guidance and regulations which needed to be adhered to.

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.

REASON

To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.

65. TREASURY MANAGEMENT 2020/21 – QUARTER 4

The Chief Executive presented a report on the treasury management activities of the Council for the period 1st April 2020 to 12th March 2021.

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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.

Paragraph 11 in the report reminded Members of 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 in 2020/21. The Council would instead use surplus cash balances (internal borrowing) in lieu of external debt.

At the time of this report the Council held loans of £23.359m, at an average interest rate of 2.91%. £1m was due to be repaid on 31st March 2021 and would not be replaced. No additional borrowing had been undertaken in 2020/21.

The Council started the year with investments of £20m. The balance of investments as at 12th March 2021 was £22m. Whilst this showed little change, the report included a graph showing the fluctuations in the amount of investment balances during 2020/21. The underlying strategy was one of protecting the capital invested whilst optimising, not maximising, returns on investment.

The Annual Treasury Management Strategy Statement for 2021/22, incorporating the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy for 2021/22, was being presented to Full Council on 25th March for approval.

RESOLVED

That the work on the Council's treasury management activities from 1st April 2020 to 12th March 2021 be noted.

66. CLOSURE OF ACCOUNTS 2020/21 – GOING CONCERN STATUS

The Chief Executive submitted a report on an assessment of the Council as a 'going concern' for the purposes of producing the Statement of Accounts for 2020/21.

The concept of a 'going concern' assumed that an authority, its functions and services would continue in operational existence for the foreseeable future. With the Covid-19 pandemic on LAs having to incur additional expenditure, along with shortfalls of income, greater emphasis was now placed on LAs undertaking their assessment of the 'going concern' basis on which they prepared their financial statements.

The report included details of Covid-19 funding received in 2020/21 to provide grant business support. Also details of the financial support for the continuing impact of Covid-19 in 2021/22 announced by Government as part of the Local Government Finance Settlement. An update was given on the Council's medium term financial position covering 2020/21-2023/24 and the lack of certainty about future funding levels.

The report concluded that having regard to the Council's arrangements and factors highlighted in the report that, for the purposes of producing the Statement of Accounts for 2020/21, the Council remained a 'going concern' in 2020/21 and for the following 12 months.

RESOLVED

That the outcome of the assessment of the Council's status as a 'going concern' for the purposes of preparing the Statement of Accounts for 2020/21 be accepted.

REASON

To provide assurance on the Council's status as a 'going concern'.

67. CLOSURE OF ACCOUNTS 2020/21 – ACCOUNTING POLICIES

The Interim Accountancy Manager submitted a report to update the Committee on a number of changes to the Accounting Code of Practice for 2020/21; inform the Committee of arrangements for the public inspection period of the accounts; and request approval of the proposed Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31st March 2021.

The draft calendar of meetings for 2021/22 which would be submitted to Council in May included a meeting of this Committee scheduled for 28th September 2021. This would allow time to conclude the formal inspection period, the audit by Grant Thornton and the time they needed to issue their Audit Opinion by 30th September 2021. The Council needed to publish its audited accounts together with the Audit Opinion by no later than 30th September 2021.

RESOLVED

- (1) That the main changes arising from the 2020/21 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 2015 be noted.
- (3) That the proposed accounting policies for the 2020/21 accounts as set out at Appendix A of the report be approved.

REASON

To enable the 2020/21 Statement of Accounts to be prepared.

Chairman _____