

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON 27<sup>TH</sup> JULY, 2021**

*PRESENT –*

*Councillor D. Cockburn-Price – (Chairman, in the Chair)*

*Councillor D. Albin  
Councillor R. Anwar  
Councillor C. Lioni  
Councillor B. Newman  
Mr D. Rothwell*

**Also in Attendance**

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>R. Parker</i>	<i>Mersey Internal Audit Agency (MIAA)</i>
<i>D. Langton</i>	<i>Chief Executive PBC</i>
<i>K. Turner</i>	<i>Interim Chief Finance Officer PBC</i>
<i>I. Pinches</i>	<i>Financial Services Manager PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

*(Apologies were received from Mr D. Whatley.)*



**1. DECLARATION OF INTERESTS**

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

**2. APPOINTMENT OF VICE-CHAIRMAN**

**RESOLVED**

That Councillor D. Albin be appointed Vice-Chairman of this Committee for the municipal year 2021/22.

**3. MINUTES**

**RESOLVED**

That the Minutes of 23<sup>rd</sup> March, 2021 be agreed as a correct record and signed by the Chairman.

**4. EXTERNAL AUDITORS**

**(a) External Audit Plan**

G. Jones presented an overview of the planned scope and timing of the statutory audit of the Council for 2020/21 and highlighted some key points.

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She pointed out that the audit was risk based and the three main risks were set out in the report: management override of controls; valuation of land and buildings, including surplus assets; and valuation of pension fund net liability. Any significant findings in these areas, as well as any other significant matters arising from the audit would be reported to the Committee.

Under the new Value for Money arrangements, they would be considering the Council's arrangements in place across the 3 criteria areas of financial sustainability, governance and performance. This was a more detailed level of audit work required under the new VFM Code. They would report back on this work and their findings in the Auditor's Annual Report, which was another new requirement for this year. The Plan gave details of the audit fees which would be £53,685. This was a significant increase on the previous year and reflected the additional work they would be carrying out as a result of the revised 2020/21 Code of Audit Practice and ISAs.

### **RESOLVED**

That the External Auditors plan for 2021/22 be noted.

### **REASON**

***To be aware of the work planned by the External Auditors in 2021/22.***

#### **(b) External Audit Update**

G. Jones talked Members through their external audit progress report and sector update.

Grant Thornton had undertaken their initial planning and interim audit for the 2020/21 audit in March 2021. They had begun their work on the Council's draft financial statements in July and aimed to give their opinion on the Statement of Accounts by 30<sup>th</sup> September 2021. The Council's annual Housing Benefit Subsidy claim for 2019/20 had been certified on 26<sup>th</sup> January 2021, with no issues to report to DWP. The certification work for the 2020/21 claim was due to begin in October. The results of their interim audit work for 2020/21 were set out in the report. There were no weaknesses to report at this stage.

### **RESOLVED**

That the work of the External Auditors be noted.

### **REASON**

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

## **5. EXTERNAL AUDIT INFORMING THE AUDIT RISK ASSESSMENT - MANAGEMENT RESPONSE**

The Chief Executive submitted a report with details of the Management's response to External Audit's enquiries on various governance and other related matters to inform a risk assessment of the Council's arrangements. There were set out at Appendix A.

**RESOLVED**

That the responses from Management to questions from the External Auditors concerning matters to do with the Council's governance and other related matters (as set out at Appendix A of the report) be confirmed as consistent with the Council's arrangements.

**REASON**

***To confirm that the responses received from Pendle Council's management are consistent with the Council's arrangements.***

**6. STATEMENT OF ACCOUNTS 2020/21**

The Interim Chief Finance Officer submitted a report with an update on the Council's Statement of Accounts for the financial year 2020/21. It was noted that the publication date for the final, audited accounts for 2020/21 had also been moved from 31<sup>st</sup> July to 30<sup>th</sup> September 2021 due to the pandemic.

**RESOLVED**

- (1) That progress on the production of the Council's Statement of Accounts for 2020/21 and the timetable going forward be noted.
- (2) That the Council's Finance Team and officers assisting them be thanked for meeting the deadline in challenging circumstances.

**REASON**

***To be aware of the current status of the Council's Statement of Accounts for 2020/21.***

**7. INTERNAL AUDIT ANNUAL OPINION 2020/21**

R. Parker from MIAA presented the Internal Audit Annual Report and Head of Internal Audit Opinion for 2020/21. The purpose of the Opinion was to contribute to the assurances in the Council's Annual Governance Statement. She drew members' attention to the overall opinion which was a "*substantial assurance*" given that there was a good system of internal control designed to meet the organisation's objectives, and that controls were generally being applied consistently.

The report also detailed planned internal audit coverage and outputs during 2020/21 and MIAA Quality of Service Indicators.

**RESOLVED**

- (1) That the Internal Audit Annual Report and Opinion for 2020/21 be noted.
- (2) That R. Parker provide further information on how the opinion for Pendle Council compared to similar sized local authorities in Lancashire.

**REASON**

- (1) To demonstrate that the Committee is monitoring the work of Internal Audit.**
- (2) To compare Pendle Council's performance to other similar local authorities.**

**8. INTERNAL AUDIT PROGRESS REPORT 2021/22**

MIAA submitted a report in respect of the assurances, key issues and progress made against the Internal Audit Plan for 2021/22 and covered the period April to June 2021. Appendix A set out the overview of delivery for the Head of Internal Audit Opinion for 2021/22.

R. Parker drew members' attention to the Executive Summary which listed the reviews that had been finalised since the last meeting and those in progress.

**RESOLVED**

That the progress made against the Internal Audit Plan for 2021/22 be noted.

**REASON**

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

**9. TREASURY MANAGEMENT 2021/22 – QUARTER 1**

The Chief Executive submitted a report on the treasury management activities of the Council for the period 1<sup>st</sup> April to 30<sup>th</sup> June 2021. The report provided a summary of the activity undertaken in relation to the Council's debt and investments. An analysis of the long-term borrowing profile was provided at Appendix A. No additional borrowing had been undertaken in the first quarter of 2021/22.

**RESOLVED**

That the work on the Council's treasury management activities from 1<sup>st</sup> April to 30<sup>th</sup> June 2021 be noted.

**REASON**

***To keep informed of the Council's treasury management activities.***

**10. CORPORATE GOVERNANCE AND RISK MANAGEMENT UPDATE 2021/22**

The Corporate Governance Working Group (CGWG) submitted a report on the outcome of the most recent review of the Council's Corporate Governance Framework (incorporating the action plan), the Strategic Risk Register (undertaken by Risk Owners and the CGWG) and the Risk Management Strategy and Policy as agreed with Management Team. The Chief Executive presented the report and answered related questions.

The latest periodic review of the Self-Assessment had been undertaken and the outcome of the Review was set out at Appendix 1. There were 8 areas which were amber rated for which further action was required. Where this was the case, details were provided of the action to be taken, the responsible officer and the likely implementation.

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.

The Risk Management Strategy and Policy Statement, last fully reviewed and updated in 2017, had been reviewed. Revised documents were attached at Appendix 3 and 4 for consideration. It was noted that Management Team had agreed that the Council's Risk Appetite of 'Open' was still appropriate. The next steps was to share these documents with the Risk Management Working Group. Views had been sought from MIAA. Once updated they would be presented to Policy and Resources Committee (Strategy) and Council (Policy) for approval.

## **RESOLVED**

- (1) That the review of the Corporate Governance Framework (including the incorporated action plan) at Appendix 1 of the report be noted.
- (2) That the actions in the Self-Assessment with an Amber rating remain under regular review to ensure appropriate action be taken to improve the arrangements in place.
- (3) That the updated Strategic Risk Register provided at Appendix 2 be noted.
- (4) That the Risk Management Strategy and Policy Statement at Appendices 3 and 4, which had been updated in line with recommendations from the recent Internal Audit Review and approved by Management Team, be noted.
- (5) That the Risk Management Strategy and Policy Statement be endorsed for submission to Policy & Resources Committee and Council requesting that Council formally approve and adopt these documents.

## **REASON**

- (1) ***To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.***
- (2) ***To inform Members of the current risks facing the Council, along with the actions and planned activities that were taking place to mitigate against those risks.***

Chairman \_\_\_\_\_