

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 25TH JANUARY, 2022**

PRESENT –

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

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

Also in Attendance

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>L. Cobain</i>	<i>Merseyside Internal Audit Agency</i>
<i>R. Parker</i>	<i>Merseyside Internal Audit Agency</i>
<i>R. Gibson</i>	<i>Chief Finance Officer PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>



20. DECLARATION OF INTERESTS

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

21. MINUTES

RESOLVED

That the Minutes of 19th October, 2021 be agreed as a correct record and signed by the Chairman.

22. EXTERNAL AUDIT DRAFT FINDINGS REPORT 2020/21

G. Jones presented the key findings of the External Auditor along with other matters arising from the statutory audit for the year ended 31st March 2021.

Grant Thornton's audit work was substantially complete and findings summarised in the report. The main points she wanted to highlight, since the update at the last meeting, were as follows –

- A material adjustment in relation to the inclusion of Internal Recharges in the Net Cost of Services, which significantly reduced gross expenditure, meant that they needed to recalculate materiality levels based on the revised accounts and do more audit work on bigger samples. This additional work was now complete, and it was noted that there would be additional fees by Grant Thornton as a result.
- Recommendations for management arising from their work were set out at Appendix A. They would report back on these recommendations during the course of the 2021/22 audit. Their follow up recommendations from the prior year's audit work were detailed at Appendix B.

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- They had identified 3 adjustments to the financial statements, but these had had a nil impact to the Council's Comprehensive Income and Expenditure Statement. These were set out at Appendix C. The first one was in relation to the inclusion of Internal Recharges in the Net Cost of Services she had already mentioned. One was in relation to a repayment of a PWLB loan showing in both Debtors and Creditors on the Balance Sheet and advance payment of pension contributions shown as a prepayment as opposed to a reduction in the Pension Liability.

Subject to outstanding queries in relation to pensions prepayment being resolved, receipt of the Letter of Representation and some other outstanding items detailed on page 5 of their report, Grant Thornton anticipated issuing an unqualified audit opinion on the Council's financial statements, which was detailed at Appendix E. In their opinion the financial statements gave a true and fair view of the financial position of the Authority as at 31st March 2021 and of its expenditure and income for the year, and had been properly prepared in accordance with the required code of practice on local authority accounting and legislation.

Work had started on their Value for Money (VFM) work, looking at the arrangements for securing economy, efficiency and effectiveness in its use of resources. They expected to certify the completion of the audit upon the completion of their work on the Council's VFM arrangements which would be reported in their Annual Auditor's report in April 2022. This would formally conclude the audit process for 2020/21.

RESOLVED

- (1) That the External Auditor's report be noted.
- (2) That the team at Grant Thornton and Council officers assisting them be thanked for their work in preparing this report in challenging circumstances.

23. LETTER OF REPRESENTATION 2020/21

The Chief Finance 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 2020/21.

RESOLVED

That the requirement for the Chief Executive (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 2020/21 be noted and, subject to the correction of some minor typos, the Chairman of the Committee and Chief Executive countersign the Letter of Representation set out at Appendix A of the report.

REASON

To note the requirement to provide a Letter of Representation.

24. STATEMENT OF ACCOUNTS 2020/21

The Chief Finance Officer submitted a report seeking approval of the Statement of Accounts for 2020/21. At the time of writing his report the audit undertaken by Grant Thornton was substantially

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complete. The accounts included amendments arising from the work of External Audit as at 25th January 2022.

The draft (pre-audit) accounts were completed and published on the Council's website ahead of the deadline of 31st July 2021. The Statement of Accounts were presented at the last meeting in the understanding that the work was nearing completion. The Committee had agreed that the Chairman and Interim Chief Finance Officer be delegated authority to approve the Statement of Accounts for 2020/21, but that any significant amendment be brought back to the Committee for further consideration. This report set out the material changes made to the Statement of Accounts since the meeting on 19th October which required a full set of Accounts to be signed off by the Committee. The adjustments were set out in Grant Thornton's Audit Findings Letter which were highlighted in the earlier item.

The Chief Finance Officer had re-certified the accounts confirming that the Statement of Accounts presented a true and fair view of the financial position of the authority at the end of the financial year and the authority's income and expenditure for that financial year.

The Statement of Accounts also included the Annual Governance Statement and Narrative Report, both of which were required to be published with the financial statements.

Current regulations required the Council to approve and publish its audited Statement of Accounts by 30th September 2021. This had not been possible due to Covid pressures. Subject to the Committee's approval and receipt of the Auditor's Opinion, and the subsequent conclusion of the audit, 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.

Members had questions about the work of the Council's joint venture agreements and were interested in learning more about the value they brought to the area and their operations and accounts.

RESOLVED

- (1) That, subject to minor amendments and typos pointed out at the meeting, the Statement of Accounts for 2020/21 be approved.
- (2) That MIAA be asked to widen the scope of their scheduled review of the Council's joint ventures and the Chief Finance Officer provide some further information on their membership and operation.

REASON

1. ***To approve the Council's Statement of Accounts for 2020/21 following the completion of the external audit.***
2. ***To look in more detail at the operation of the Council's joint venture agreement.***

25. 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 September to December 2021. Appendix A

set out the overview of delivery for the Head of Internal Audit Opinion for 2021/22 to be delivered by June 2022.

Attention was drawn to the Executive Summary which listed the 3 reviews that had been finalised since the last meeting and 6 reviews that were in progress. There had been a moderate assurance on the Cyber Security – Remote Working review and a limited assurance on the Main Accounting System – 2020/21 and ICT Strategy – Infrastructure Project reviews. R. Parker talked Members through the findings and answered related questions.

Appendix C set out the key areas agreed for action from previous reviews. Members noted the number of recommendations that still needed to be implemented, particularly relating to key financial systems and the importance of them being implemented before the year end. The Chief Finance Officer assured Members that now key members of the Finance Team were in post, progress on this work was good.

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.

27. TREASURY MANAGEMENT 2021/22 – QUARTER 3

The Chief Finance Officer submitted a report on the treasury management activities of the Council for the third quarter of 2021/22 and answered related questions. The report provided a summary of the activity undertaken in relation to the Council's debt, investments cash-flow and banking arrangements. An analysis of the long-term borrowing profile was provided at Appendix A. No additional borrowing had been undertaken in this quarter.

There was a discussion about the funds that were waiting to go back to Government and if better use could be made of them in the interim. The Chief Finance Officer said that the Council's Treasury Management policy was due to be updated and could be revised to give more scope to invest with other organisations for better returns on investments.

RESOLVED

That the work on the Council's treasury management activities from 1st April to 31st December 2021 be noted.

REASON

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

28. CORPORATE GOVERNANCE AND RISK MANAGEMENT UPDATE 2021/22

The Corporate Governance Working Group (CGWG) submitted an update on the CIPFA/SOLACE Good Governance Framework, the Action Plan contained in the Annual Governance Statement included within the Statement of Accounts for 2020/21; and developments relating to the Council's risk management arrangements.

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Since the original Framework was published the Council had maintained a local code of corporate governance together with an Action Plan identifying the extent of compliance and/or any areas in the Council's arrangements that require further development, and this was subject to periodic review. The Committee last received the full self-assessment in July 2021. It showed 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 (rated amber) where it was felt the existing arrangements could be strengthened or required improvement. These were set out in the report with an update on the current status.

An update on progress against each of the 7 actions listed in the 2020/21 Action Plan contained in the Annual Governance Statement was set out for information. It was noted that the Council and Liberata had agreed most of the KPIs of the performance framework which had been suspended. They were working to resolve the remaining ones as soon as possible.

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.

RESOLVED

- (1) That the updated position on actions identified from (i) the initial self-assessment of the CIPFA/SOLACE Good Governance framework and (ii) the Council's Annual Governance Statement for 2020/21 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.

Chairman _____