

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 22ND NOVEMBER, 2022**

PRESENT –

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

*Councillor B. Newman
Councillor K. Salter
Councillor M. Stone
Mr D. Whatley*

Also in Attendance

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>S. Iqbal</i>	<i>Grant Thornton UK LLP</i>
<i>L. Warner</i>	<i>Merseyside Internal Audit Agency (MIAA)</i>
<i>R. Gibson</i>	<i>Director of Resources PBC</i>
<i>G-L Wells</i>	<i>Financial Services Manager PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

(Apologies for absence were received from L.Cobain (MIAA), D. Rothwell and Councillor M. Ammer.)



13. DECLARATION OF INTERESTS

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

14. MINUTES

With regard to Minute 4 Resolution (2) the Director of Resources undertook to have further discussions with Liberata about moving the valuation date of the Council's assets from 1st April to 31st March.

RESOLVED

That the Minutes of 26th July, 2022 be agreed as a correct record and signed by the Chairman.

15. EXTERNAL AUDIT PROGRESS REPORT

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

Grant Thornton had undertaken their initial planning for the 2021/22 audit in March 2022. They had not yet been able to start their work on the Council's financial statements, although the Financial Services Manager assured Members and the External Auditors that the Statement of Accounts would be finalised soon. All being well, Grant Thornton aimed to give their opinion on the Statement of Accounts by 31st March 2023. Certification work on the Council's annual Housing Benefit Subsidy claim for 2021/22 had started and they aimed for this to be certified by 31st January 2023. The results of their interim audit work and the impact of their findings on the

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accounts audit approach were set out in the report. There were no weaknesses to report at this stage.

The Auditor's Annual Report would contain a commentary on arrangements to secure value for money and any associated recommendations, if required. This was due no more than three months after the date of the opinion on the financial statements.

G. Jones explained that the increase in audit fees which was raised at the last meeting was partly due to work required on materiality; the additional value for money work now required by Government; and additional work required in view of the significant weaknesses identified in their 2020/21 Annual Report. There was also a shortage of qualified Quality Regulator auditors which was affecting the market.

RESOLVED

That the work of the External Auditors be noted.

REASON

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

16. DRAFT STATEMENT OF ACCOUNTS 2021/22

The draft Statement of Accounts 2021/22 had been emailed to Members prior to the meeting and copies were distributed at the meeting. It was noted that the Council would not be able to meet the deadline for publishing the audited accounts by the deadline of 30th November. The Financial Services Manager gave an update on the work outstanding and expected timetable for completion. She was confident that next year preparing the Statement of Accounts would not take as long as newly appointed staff would be more experienced and systems in place to make it easier to provide the information required. She noted the comments and typos which were mentioned and answered a number of questions, undertaking to email Members with some further information in a couple of instances.

The Statement of Accounts would be circulated to Members once complete. A note would be put on the Council's website and a date chosen for the public inspection of the accounts in due course. The Director of Resources thanked Members of the Finance Team for all their hard work.

RESOLVED

- (1) That progress with the Statement of Accounts 2021/22 be noted.
- (2) That Members of the Committee email the Financial Services Manager with any further queries or corrections on the draft Statement of Accounts 2021/22 by Monday 28th November.

REASON

To be aware of the current status of the Council's Statement of Accounts for 2021/22.

17. INTERNAL AUDIT PROGRESS REPORT 2021/22 AND 2022/23

L. Warner presented the MIAA update in respect of the closure of the Internal Audit Plan for 2021/22 and against the Internal Audit Plan for 2022/23.

She referred to the Executive Summary which listed five 2021/22 reviews that had been finalised and another review that was at draft report stage. Three had been given a Substantial assurance, one a Moderate assurance and the Emergency Preparedness review had been given a Limited assurance. There were also six 2022/23 reviews in progress.

Appendix A provided an overview of the delivery of the Head of Internal Audit Opinion for 2022/23 which was making good progress. There was nothing of significant importance to flag up at this stage. The Head of Internal Audit Opinion for 2021/22 was expected soon. Appendix B provided information on the Internal Auditor's performance.

A summary of the current status of follow-up activity was included at Appendix C. The Committee's attention was drawn to 10 high priority recommendations outstanding in 5 areas (Debtors and Income Collection, ICT Strategy, Cyber Security, Disability Facilities Grant and Emergency Preparedness) and the progress made against each one. Members sought further assurances on the progress being made. L. Warner explained that she was now attending meetings of the Corporate Governance Working Group and having monthly meetings with the Director of Resources, and a lot of work was being done on following up these recommendations.

Approval was sought for an amendment to the Internal Audit Plan for 2022/23 in terms of timing of the Corporate Peer review, as work on this area was still being progressed by the Council.

RESOLVED

- (1) That the progress made against the Internal Audit Plan for 2021/22 and 2022/23 be noted.
- (2) That the 2022/23 Corporate Peer review be delayed until quarter 4, as work in this area was still being progressed by the Council.
- (3) That the Emergency Preparedness review be circulated to Members, following agreement at a previous meeting to circulate all Limited assurance reviews.

REASON

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

18. TREASURY MANAGEMENT REVIEW - 2022/23 QUARTER 2 MONITORING REPORT

The Director of Resources submitted a report to advise the Committee of the treasury management activities of the Council for the second quarter of 2022/23. There was a discussion about a more proactive approach being adopted with the Council's investments due to an increase in interest rates. No additional borrowing had been undertaken so far this year and none was expected in this financial year.

RESOLVED

- (1) That the work on the Council's treasury management activities in the period 1st July 2022 to 30th September 2022 be noted.
- (2) That the Director of Resources check when the Council's Treasury Management Policy was due for review.

REASON

To comply with the CIPFA Treasury Management Code of Practice, the Council's Treasury Management Policy and good practice generally.

19. CORPORATE GOVERNANCE AND STRATEGIC RISK UPDATE

An update was submitted on the developments relating to the Council's risk management arrangements and the most recent review of the Council's Corporate Governance Framework, which was a self-assessment based on the good governance matrix published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) in 2016. Also set out at Appendix 4 was the Action Plan contained within the Annual Governance Statement (AGS) included within the Statement of Accounts for 2021/22.

Membership of the Corporate Governance Working Group had been reviewed to strengthen the oversight of the Council's arrangements. The Risk Management Strategy had been updated to reflect the changes and it was aimed to bring the updated strategy to the next meeting of this Committee.

The format and content of the current Strategic Risk Register (SRR) was now under review by the CGSG and Council's Performance Team. In the meantime a draft outline SRR had been developed based on the service planning process 2022/23. The draft SRR Summary was attached at Appendix 1. The draft SRR with proposed corporate risks, scores and mitigations/actions was attached at Appendix 2.

Progress to date on the proposed corporate risk themes was included in the report and feedback was welcomed on the proposed risks and format.

Zurich, the Council's insurers, had provided Risk Management training on 6th September. Zurich was also providing the Council with support on the development of the SRR, with the training being used as an opportunity to further refine the SRR. Once the review was complete, the updated SRR would be presented to a future meeting of this Committee.

Since the CIPFA/SOLACE 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 required further development, and this was subject to periodic review. The Committee last received the full self-assessment in July 2021. The most recent review (October 2022) was attached at Appendix 3.

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. These were rated as

amber. The self-assessment would remain under review to ensure that action was taken on the amber related items.

Members made a number of comments and suggested amendments and additions which were noted.

RESOLVED

- (1) That the current developments linked to the Council's risk management arrangements be noted.
- (2) That the review of the Corporate Governance framework (including the incorporated action plan) at Appendix 3 be noted and the amendments/additions and improvements suggested at the meeting be accepted.
- (3) That the review of the AGS Action Plan at Appendix 4 be noted.

REASON

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

Chairman _____