

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON 7<sup>TH</sup> NOVEMBER 2023**

*PRESENT –*

*Councillor M. Ammer  
Councillor R. Anwar  
Councillor D. Whipp  
Mr D. Rothwell  
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>Mersey 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>

◆◆◆◆

**15. APPOINTMENT OF CHAIR**

Councillors D. Cockburn-Price and M. Stone had resigned from the Committee. The Leader of the Conservative Group had been asked to provide alternative nominees but these had not been forthcoming. A new Chair of this Committee would be appointed at the next Council meeting on 14<sup>th</sup> December. Nominations were therefore sought for a Chair for this meeting only.

**RESOLVED**

That Councillor R. Anwar be appointed Chair of the Committee for this meeting.

*(Councillor R. Anwar – Vice-Chair, in the Chair)*

**16. DECLARATION OF INTERESTS**

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

**17. MINUTES**

**RESOLVED**

That the minutes of 25<sup>th</sup> July 2023 be agreed as a correct record and signed by the Chair.

**18. INTERNAL AUDIT PROGRESS REPORT**

L. Warner highlighted the key areas in respect of the progress made against the Internal Audit Plan for 2023/24 and covered the period 19<sup>th</sup> July to 30<sup>th</sup> October.

The Internal Auditors had completed 4 reviews. Housing Benefits, Council Tax and NNDR, and Financial Systems had been given a Substantial Assurance. The Procurement review had been given a Moderate Assurance. Appendix C provided a summary of key areas from this work and actions to be delivered. There were 3 reviews at draft report stage – Food Safety, Mandatory Training and Housing Inspections. 6 reviews were either being carried out or in the planning stage – IT Cyber security/IT resilience, IT information security, Third party suppliers, Risk Management and Transformation Programme Delivery.

There was one proposed change to the Audit Plan - that the planned review of Transformation Programme Delivery be replaced by a review of the Council's budget setting processes including the processes around the medium-term financial forecast and engagement with Members.

A summary of follow-up activity on previous audit recommendations was included at Appendix D. 71 out of 87 recommendations had either been fully actioned or were in progress. The 16 remaining recommendations either had revised dates or were not yet due. As discussed at the last meeting, there was still one high priority recommendation outstanding in respect of the IT Chris Payroll system which related to the Council seeking third party assurances that controlled over the Frontier technical operating environment were adequate in terms of both design and operational adequacy. Members were assured that this recommendation was in progress and was close to being closed down.

Clarification and further information was sought on some of the work undertaken by the Internal Auditors. It was noted that the 3 outstanding recommendations in respect of the Joint Ventures review would be undertaken in Quarter4 2023/24 not 2022/23 as stated in the report.

## **RESOLVED**

- (1) That the Internal Audit progress report be noted.
- (2) That the Internal Audit Plan be changed to replace the review of Transformation Programme Delivery with a review of the Council's budget setting processes.
- (3) That the Director of Resources email Members with further background information relating to the Conflicts of Interest review and push for responses to the Client Satisfaction Questionnaires which were issue following completion of every audit.

## **REASON**

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

### **19. EXTERNAL AUDIT – AUDIT FINDINGS REPORT 2021/22**

G. Jones talked Members through the External Auditor's draft Audit Findings report for 2021/22 highlighting changes that had been made since the 25<sup>th</sup> July 2023 meeting. This was the third time that the report had been to committee but had been brought back in view of the 2021/22 Accounts being on the agenda for approval.

Their work on the statutory audit of the Council's financial statements for 2021/22 was substantially complete and their findings were summarised in the report.

The Auditors had identified 7 adjustments to the financial statements that had increased the Council's Comprehensive Income and Expenditure Statement by £7.186million – an increase in the Council's surplus. The adjustments were detailed at Appendix C. The decrease in liability of £8.090m following the triennial valuation of the pension fund as at 31<sup>st</sup> March 2022, was explained.

They had raised 6 new recommendations for the Council which were set out at Appendix A. Their follow up of 8 recommendations from the prior year's audit were detailed at Appendix B.

Their work was substantially complete and there were no matters of which they were aware that would require modification of their Audit Opinion which was set out at Appendix E. The draft Management Letter of Representation was at Appendix F. Once the Council's 2021/22 Annual Accounts were published they could issue their Opinion which was expected to be unqualified.

An audit letter explaining the reasons for the delay on issuing their commentary on Value for Money work was set out at Appendix G.

## **RESOLVED**

- (1) That the work of the External Auditors be noted.
- (2) That the Director of Resources circulate further information on work Grant Thornton would be doing for the Council as part of its Value for Money Review on Governance, including the Terms of Reference.

## **REASON**

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

### **20. EXTERNAL AUDIT – AUDIT PLAN 2022/23**

G. Jones presented a report on the planned scope and timing of the statutory audit for 2022/23. The audit approach was based on a thorough understanding of the Council's business and was risk based. Significant risks were those risk that had a higher risk of material misstatement and these were identified in the report. Progress made against prior year audit recommendations were also reported on.

The proposed fee for the audit would be £70,886 provided nothing came to the auditors' attention that required additional work or specialist input. G. Jones provided some background to the fees which were higher than previously due to the increased scope, particularly in respect of the Council's business processes and IT controls.

## **RESOLVED**

That the proposed Audit Plan for 2022/23 be noted.

## **REASON**

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

**21. STATEMENT OF ACCOUNTS 2021/22 – SIGN OFF**

The Head of Finance submitted the Statement of Accounts for the year ended 31<sup>st</sup> March 2022 for approval. She explained that the £1.2m increase in balances at March 2020/21 and March 2021/22 given in Note 17 Cash and Cash Equivalents was due to funds awarded by Government being held for future use or needing to be returned to Government.

**RESOLVED**

That the Statement of Accounts for 2021/22 be approved.

**REASON**

*To approve the Council's Statement of Accounts for 2021/22*

**22. DRAFT STATEMENT OF ACCOUNTS 2022/23**

The Financial Services Manager reported that all substantial workings on the Draft Statement of Accounts for 2022/23 were complete. Working papers had been prepared for the majority of areas. The impact of changes to the 2021-22 Fixed Assets Register had delayed progress, but this work was now complete. All fund reconciliations had been completed. The Team continued to work with the External Auditors on preparatory audit checks and questionnaires.

The Accounts would be placed on the Council's website for the Public Inspection period and at that point be forwarded to the Committee for information. The aim was to have this work complete during November 2023. G. Jones said that her Team had resources in place to start the audit work as soon as the accounts were received. Provided there were no errors or unexpected amendments, she estimated that the audit would complete by March 2024.

**RESOLVED**

That the progress reported on the Draft Statement of Accounts 2022/23 be noted.

**23. QUARTER 1 & 2 REVENUE AND CAPITAL MONITORING REPORT**

The Director of Resources submitted a report on Q1 Revenue and Capital Budget Monitoring position for 2023/24 that was considered by the Executive on 21<sup>st</sup> September. It was noted that the Executive approved a Supplementary Revenue Estimate for £56,965, to be funded from reserves, for works required as part of the Leisure Review. They also noted the changes to the Capital Programme outlined in the report which were subsequently agreed at Council on 29<sup>th</sup> September. This was due to an increase in the latest expenditure forecast for the Colne Levelling Up Fund scheme and an increase in the Vehicle Replacement programme.

A revised Q2 report had been circulated prior to the meeting which would be considered by the Executive on 16<sup>th</sup> November. The Director of Resources talked Members through the main points and answered questions arising.

**RESOLVED**

That the reports on Quarter 1 and Quarter 2 Revenue and Capital Monitoring reports be noted.

## **REASON**

***To note the Council's Q1 and Q2 positions for revenue and capital budgets for 2023/24.***

### **24. TREASURY MANAGEMENT MID-YEAR REPORT**

The Director of Resources submitted a report to advise the Committee of the treasury management activities of the Council for the first half of 2023/24. It provided an economic update and interest rate forecast provided by Link Asset Services, the Council's external advisors. There was also a summary of the activity undertaken in the year to date in relation to the Council's debt and investment.

At the beginning of 2023/24 the Council held loans of £20.359m at an average interest rate of 2.92%, comprised wholly of Public Works Loan Board debt. No additional borrowing had been undertaken so far this year and none was planned for the remainder of the year. An analysis of the long-term debt was set out at Appendix A with a maturity profile provided at Appendix B. A graph showing Liability Benchmark was shown at Appendix C.

The report showed the Council's balance of investments at 1<sup>st</sup> April 2023 was £29.8m. At 30<sup>th</sup> September 2023 the balance of investments was £39.02m. The report gave details of which sector the investments had been placed, the deposit type, and the rates of return. Members were assured that funds available on a temporary basis had been invested for as long as possible, to maximise the interest earned. The average rate of return across the quarter was 4.19% and it was likely that this rate of return would increase throughout the year.

There had been no breaches of the counter-party limits. The Approved Counterparty Lending list was attached at Appendix D.

Officers were due to meet Link Asset Services on 14<sup>th</sup> November to discuss the latest Balance Sheet Review which could be done once the draft 2022/23 accounts were available as well as the latest economic outlook to advise the Council on its borrowing and investment position.

## **RESOLVED**

- (1) That the work on the Council's treasury management activities in the period 1st April to 30th September 2023 be noted.
- (2) That the mid-year update on Treasury Management Strategy for 2023/24 including the update to the Minimum Review Policy be endorsed.

## **REASON**

***To comply with the Chartered Institute of Public Finance and Accountancy's CIPFA Code of Practice on Treasury Management.***

### **25. CORPORATE GOVERNANCE AND RISK MANAGEMENT UPDATE**

An update was submitted on the developments relating to the Council's risk management arrangements, including the updated Risk Management Strategy and the revised Strategic Risk Register (SRR); exceptions to the Contract Procedure Rules; a requested amendment to the 2021/22 Annual Governance Statement (AGS); the Action Plan contained within the AGS included

within the Statement of Accounts for 2022/23; the Council's Anti-Fraud, Bribery, Theft and Corruption Policy and Whistleblowing Policy; and the contract position for Internal Audit Services.

It was noted that the current contract with MIAA was for the period 2021/22 to 2023/24 with the possibility for a further 1-year extension. It was proposed that the Council implement the 1-year extension to the contract until 31<sup>st</sup> March 2025 and this be considered by the Executive at the 19<sup>th</sup> December meeting. In the next 12 months the Council would need to consider provision beyond 31<sup>st</sup> March 2025.

## **RESOLVED**

- (1) That the position with the Strategic Risk Register be noted.
- (2) That the exceptions to the Contract Procedure Rules be noted and further details of the extension to the Halifax Road Cemetery contract be circulated to the Committee for information.
- (3) That the amendment to the 2021/22 Annual Governance Statement (AGS) be approved.
- (4) That the progress in the delivery of the AGS Action Plan 2023/24 at Appendix 1 be noted.
- (5) That the revised Anti-Fraud, Bribery, Theft and Corruption Policy at Appendix 2 and Whistleblowing Policy at Appendix 3 be noted and staff be made aware of it.
- (6) That the intention to extend the contract for Internal Audit Services with MIAA until 31<sup>st</sup> March 2025 be noted and the Director of Resources prepare a report for the Executive on 19<sup>th</sup> December seeking the necessary approval.

## **REASON**

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

Chair \_\_\_\_\_