

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 19TH MARCH 2024**

*PRESENT –
Councillor R. Anwar – Chair*

*Councillor M. Ammer
Councillor D. Whipp
Mr D. Rothwell
Mr D. Whatley*

Also in Attendance

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| <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>D. Lawrenson</i> | <i>Director of Resources (Interim) PBC</i> |
| <i>G-L Wells</i> | <i>Financial Services Manager PBC</i> |
| <i>J. Eccles</i> | <i>Committee Administrator PBC</i> |

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26. DECLARATION OF INTERESTS

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

27. MINUTES

RESOLVED

That the minutes of 7th November 2023 be agreed as a correct record and signed by the Chair.

28. INTERNAL AUDIT PROGRESS REPORT

L. Warner highlighted the key areas in respect of the progress made against the Internal Audit Plan for 2023/24 covering the period 31st October 2023 to 7th March 2024.

The Internal Auditors had completed 5 reviews - Food Safety, Housing Inspections, Planning Applications, Mandatory Training, and Risk Management. The first 2 had been given a Moderate Assurance, the other 3 a Substantial Assurance. Appendix C provided a summary of key areas from this work and actions to be delivered. The following reviews were at draft report stage – Budget Setting and Monitoring, Third Party Suppliers (Liberata), and IT Information Security. The remaining 4 reviews for 2023/24 were in progress - IT Cyber Security/IT Resilience, Performance Reviews (Staff), Finance Deep Dives and Revenue and Benefits.

A summary of follow-up activity on previous audit recommendations was included at Appendix D. 77 out of 100 recommendations had been fully actioned. The remaining recommendations were either in progress (10) or not due yet for action (13).

Members sought certain assurances on some of the recommendations which had not yet been implemented and how they would be monitored. The Director of Resources (Interim) explained that Managers were held accountable at Senior Leadership Team. L. Warner attended meetings of Corporate Management Team periodically and met him monthly to discuss progress. She said that good progress had been made over the last quarter.

RESOLVED

- (1) That the Internal Audit progress report be noted.
- (2) That L. Warner provide Members with further information on the second key action in the Food Safety audit report concerning the Enforcement Policy.

REASON

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

29. INTERNAL AUDIT PLAN 2024/25

L. Warner presented MIAA's draft Internal Audit Plan for 2024/25 which included core assurances, national and regional risk areas, and strategic risks from the Council's assurance framework. The draft plan was based on an initial risk assessment and provided indicative coverage for the Council. The operational annual plan for 2024/25 detailed in Section 5 of the report formed part of the Council's three-year Strategic Internal Audit Plan which was set out at Appendix A. Appendix B proposed a number of operational KPIs for consideration.

L. Warner explained that the Plan would be reviewed through the year and if they felt changes were needed, these would be brought back to this Committee for approval.

There was a discussion about the level of coverage provided by MIAA and whether this was sufficient for an effective Internal Audit service. The Head of Resources (Interim) said that the number of days provided in the Contract were the same as last year and assured Members, as S. 151 Officer, that he was satisfied there was enough coverage. L. Warner said that she could provide a breakdown of how the time was allocated, outside of the meeting.

RESOLVED

- (1) That the draft Internal Audit Plan for 2024/25 be approved.
- (2) That Members be given further information about the level of coverage provided by MIAA for the Internal Audit function.

REASON

To agree the most appropriate internal audit plan for 2024/25.

30. INTERNAL AUDIT CHARTER

L. Warner presented the Internal Audit Charter which was mandated through the Public Sector Internal Audit Standards (2017) and was a formal document that defined the internal audit activity's purpose, authority, and responsibility. The Charter established the internal audit activity's position

within the organisation; authorised access to records, personnel, and physical properties relevant to the performance of engagements; and defined the scope of internal audit activities. There had been no changes to the Charter since last year.

RESOLVED

That the Internal Audit Charter be noted.

REASON

To note this formal document defining the Internal Audit role, structured around the Public Sector Internal Audit Standards (2017).

31. EXTERNAL AUDIT – AUDIT FINDINGS REPORT 2022/23

S. Iqbal talked Members through the External Auditor's draft Audit Findings report for 2022/23.

Their work on the statutory audit of the Council's financial statements for 2022/23 was complete and their findings were summarised in the report.

The Auditors had identified 7 adjustments to the financial statements that had resulted in an adjustment to the Council's Comprehensive Income and Expenditure Statement – a £0.061m decrease in the Council's surplus. The adjustments were detailed at Appendix D.

They had raised 4 new recommendations for the Council as a result of issues identified during the course of the audit which were set out at Appendix B. Their follow up of recommendations from the prior year's audit were detailed at Appendix C. Their fees and non-audit services were set out at Appendix E, and Audit Developments at Appendix F.

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 H. The draft Management Letter of Representation was set out at Appendix G.

An audit letter explaining the reasons for the delay on issuing their commentary on Value for Money work was set out at Appendix I. They expected to publish their report on this work no later than 30th June 2024 and would be presented to the next meeting in July.

Members asked several questions about the External Auditor's work and sought clarification on some of the findings set out in the report. One of the recommendations, which had been flagged up before and discussed at previous meetings, was that RICS Surveyors were valuing the Council's assets at 1st April at the start of the financial year rather than 31st March at the end of the financial year. G. Jones explained that this required them to do additional work, checking the value of the assets, as there could be material movement in 12 months. It was noted that the Property Services function would be moving back to the Council from Liberata in April when this issue would be looked at again with the Head Valuer. It would also provide the opportunity for the Finance Team to do more coherent work on the Asset Register.

It was noted that as part of the Audit of Financial Statements the Bank Reconciliation for April 2023 was only completed in February 2024 when it would normally be completed by the month after each month end. The Financial Services Manager explained how this work had fallen behind but increased resources and changes in roles in the Finance Team had now resolved this issue.

RESOLVED

That the work of the External Auditors be noted.

REASON

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

32. DRAFT STATEMENT OF ACCOUNTS 2022/23

The Director of Resources (Interim) reported that the Draft Statement of Accounts for 2022/23 were almost complete and would be signed off at the end of the month. The Financial Services Manager explained that a full proof-reading exercise would be carried out before they were published and invited Members to let her have any typos, amendments or comments on them as soon as possible.

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.

RESOLVED

- (1) That the progress reported on the Draft Statement of Accounts 2022/23 be noted.
- (2) That the Chair be delegated authority to finalise the Draft Statement of Accounts 2022/23, and only bring them back to Committee if there were any material changes.

**33. CLOSURE OF ACCOUNTS 2023/24 – GOING CONCERN STATUS
& ACCOUNTING POLICIES**

The Director of Resources (Interim) submitted a report to update the Committee on the Accounting Code of Practice for 2023/24, requesting approval of the proposed Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31st March 2024 and to inform the Committee of the assessment of the Council as a 'going concern' for the purposes of producing the Statement of Accounts for 2023/24.

RESOLVED

- (1) That the proposed accounting policies for the 2023/24 accounts as set out at Appendix A of the report be approved.
- (2) That the outcome of the assessment made of the Council's status as a 'going concern' for the purposes of preparing the Statement of Accounts for 2023/24 be accepted.

REASON

To comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Local Authority Accounting.

34. REVENUE AND CAPITAL MONITORING REPORT – QUARTER 3

The Director of Resources (Interim) submitted a report on Q3 Revenue and Capital Budget Monitoring position for 2023/24 that was considered by the Executive on 26th January 2024, for information.

RESOLVED

That the report on the Revenue and Capital Monitoring report for Quarter 3 be noted.

REASON

To note the Council's Q3 position for revenue and capital budgets for 2023/24.

35. TREASURY MANAGEMENT MID-YEAR REPORT

The Director of Resources (Interim) submitted a report to advise the Committee of the treasury management activities of the Council for the third quarter 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.

The report showed the Council's balance of investments at 1st April 2023 was £29.8m. At 31st December 2023 the balance of investments was £39.45m. 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 4.93%.

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

Officers had met LINK Group advisors on 14th November and 7th December to discuss the latest Balance Sheet Review and the latest economic outlook and how this would impact on the Council. The Council was currently under borrowed, however due to cash balanced had some ability to wait and see before having to make any additional borrowing to fund the capital programme.

RESOLVED

That the work on the Council's treasury management activities in the period 1st October to 31st December 2023 be noted.

REASON

To comply with the CIPFA Code of Practice on Treasury Management.

36. CORPORATE GOVERNANCE AND RISK MANAGEMENT UPDATE

An update was submitted on the developments relating to the Council's risk management arrangements, including the updated Strategic Risk Strategy (SRR) based on Quarter 3 updates; a revised draft Local Code of Corporate Governance which was a document detailing how the Council complied with the Good Governance Framework 2016 published jointly by CIPFA and SOLACE; the Action Plan contained within the Annual Governance Statement (AGS) included within the Statement of Accounts for 2022/23; and exceptions to the Contract Procedural Rules.

RESOLVED

- (1) That the current developments and position linked to the Council's risk management arrangements and the Strategic Risk Register set out at Appendix 1 of the report be noted.
- (2) That the draft Local Code of Corporate Governance at Appendix 2 be noted.
- (3) That the progress in the delivery of the AGS Action Plan 2023/24 at Appendix 3 be noted.
- (4) That the exceptions to the Contract Procedure Rules detailed 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.

Chair _____