

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 30TH SEPTEMBER 2024**

PRESENT

Councillor R. Anwar – Chair

*Councillor D. Cockburn-Price
Councillor M. Stone
Councillor D. Whipp
Mr D. Rothwell*

Also in Attendance

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>L. Warner</i>	<i>Mersey Internal Audit Agency, MIAA</i>
<i>K. Spencer</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 were received from D. Whatley and Councillor M. Ammer.)



11. DECLARATION OF INTERESTS

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

12. MINUTES

RESOLVED

That the minutes of 30th July 2024 be agreed as a correct record and signed by the Chair.

13. INTERNAL AUDIT PROGRESS REPORT

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 23rd July to 19th September 2024.

Since the last meeting the Internal Auditors had completed a review on IT Cyber Resilience which had been given a Substantial Assurance. There were 3 reviews at draft report stage – the Colne Muni project briefing note, Council tax & NNDR and Sickness absence (which was still with management). The following reviews were in progress – Homelessness, Finance deep dives, Performance reporting and data quality, Complaints and Learning, and Customer Care.

A summary of follow-up activity on previous audit recommendations was included at Appendix D. 43 out of 57 recommendations had either been fully actioned or were in progress. The remaining 14 recommendations were not yet due for action. These included 6 high priority recommendations, three in relation to the Information Governance audit which were in progress. The remaining 3 related to the Staff performance/appraisals and IT Cyber Resilience audits and were not yet due. The Director of Resources explained that a new template for staff appraisals was

being introduced at the start of the next financial year and their completion would be monitored. This year staff had used the existing one.

Members felt that the Committee would benefit from more information on progress with the outstanding audit recommendations, particularly on the high risk/critical ones so that it was easier to distinguish where revised dates had been agreed and which ones were late. Also, more information was requested on why the IT Cyber Resilience audit had received a Substantial Assurance when there was a high risk finding.

There was one proposed change to the audit plan regarding the timing of the audit of Joint Ventures. Due to the ongoing external review of Joint Ventures, MIAA were proposing to defer this audit from quarter 2 to quarter 4.

RESOLVED

- (1) That the Internal Audit progress report be noted.
- (2) That the audit of Joint Ventures take place in quarter 4 rather than quarter 2.
- (3) That the Internal Auditors provide more detail in future progress reports on the outstanding recommendations, particularly any high risk/critical ones, explaining which ones were late, or where the implementation date had changed.
- (4) That the Internal Auditors provide further information on the rationale for giving a Substantial Assurance for the IT Cyber Resilience audit when there was one high risk finding.

REASON

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

14. EXTERNAL AUDIT PROGRESS REPORT

G. Jones talked Members through the External Auditor's progress report and sector updates.

Their audit plan was issued on 16th July 2024 where they outlined their audit timeline for the 2023/24 financial statements audit. They had been due to start the audit at the end of September but were still awaiting the draft financial statements for 2023/24. Their findings would be reported back in the Audit Findings report.

She referred to the Ministry of Housing, Communities and Local Government putting in place proposals to bring the local audit system back on track and was preparing legislation to enact a backstop date for 2023/24 financial statements to be audited by 28th February 2025.

The External Auditors would aim to complete all 2023/24 value for money audit reviews by 31st December 2024.

The fees for the Council audit were £128,100 with an additional fee of £7,530 to cover audit work in respect of the revised ISA 315 Identifying and Assessing the Risks of Material Misstatement requirements, as set out in their audit plan. The fees were derived from the procurement exercise carried out by PSAA in 2022.

Members sought assurances from both the External Auditors and officers on whether the Council would meet the 28th February 2025 deadline. They both agreed that the timetable was tight but achievable, and they would try very hard to meet it. The alternative would be qualified accounts, which they wanted to avoid. G. Jones said that the External Auditors had a good working relationship with the Finance Team. However, it was the Council's responsibility to provide correct information. They could not sign off the accounts until they were satisfied that they were a fair and true record.

The Head of Finance gave an update on the preparation of the 2023/24 Financial Statements. The substantial work was complete. The focus was now on pulling the various parts together, on verification and the presentation. She was pleased to report the recruitment of 2 new Finance officers. A project accountant was starting the following day who would be dealing with the additional streams of Government funding the Council had been granted e.g. Nelson Town Deal, Levelling Up Fund, UKSPF. The second person dealing with reconciliations was already in post and was making good progress. This would ease some of the pressure on the Team who were working across 4 years of accounts, including work on preparing for next year's budget. G. Jones said that as soon as they received the 2023/24 financial statements, they would endeavour to put in the necessary resources to review them.

Included in the sector update was the Local Government Association's April 2024 "Ten Questions" for a newly formed Audit Committee which could be useful for future training sessions.

The sector update on Housing and homelessness was concerning. In particular, the increases shown in the latest quarterly statistics on statutory homelessness and households in temporary accommodation.

RESOLVED

- (1) That the work of the External Auditors be noted.
- (2) That the External Auditors and officers continue to plan and resource sufficiently in order to meet the 28th February 2025 deadline for the submission of the 2023/24 financial statements, and the remaining 2024/25 meetings of the Accounts and Audit Committee be scheduled accordingly.
- (3) That the Director of Resources report back on the Council's funding situation for homelessness and the provision of temporary accommodation which had far exceeded the Budget this year.

REASON

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

15. CORPORATE GOVERNANCE & RISK MANAGEMENT UPDATE

The Corporate Governance Steering Group submitted a report on the developments relating to the Council's risk management arrangements, including the updated Strategic Risk Register based on Q1 2024/25 updates (Appendix 1); the Local Code of Corporate Governance which set out how the Council complied with the Good Governance Framework 2016 published jointly by CIPFA and SOLACE (Appendix 2); and the Action Plan contained within the draft Annual Governance Statement (AGS) which formed part of the Statement of Accounts for 2023/24 (Appendix 3).

There was a discussion about the risk scoring in the Strategic Risk Register Update Quarter 1 and whether some of the risks needed to be updated – SRR-01 on Financial Sustainability; SRR-04 on Delivery of the Local Plan in view of the probable changes to the Local Plan; and the Leisure Review (SRR-13) was still a concern. Also, the wording for SRR-14 did not appear to relate to the JVCs.

RESOLVED

- (1) That the current developments and position linked to the Council's risk management arrangements and the Strategic Risk Register be noted.
- (2) That the Strategic Risk Register Update be reviewed where necessary and the correct wording provided for SRR-14 in the next update.
- (3) That the revised draft Local Code of Corporate Governance be agreed.
- (4) That the progress in the delivery of the AGS Action Plan 2023/24 be noted.

REASON

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

16. LETTER OF REPRESENTATION 2022/23

The Head of Finance reported on the requirement to provide the External Auditors with a Letter of Representation in relation to the Council's Statement of Accounts for 2022/23.

She pointed out the reporting of an unadjusted misstatement which related to the decision not to amend the accounts to the value of £61k for the reversal of revalued asset depreciation. The decision not to adjust was due to the fact that the change was not material to the results of the Council and its financial position at the year-end.

RESOLVED

That the requirement for the Director of Resources (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 2022-23 be noted and, that the Chair of the Committee countersign the Letter of Representation set out at Appendix A of the report.

REASON

To comply with the requirement to provide a Letter of Representation.

17. STATEMENT OF ACCOUNTS – 2022/23 (AUDITED)

The Director of Resources submitted the Statement of Accounts for the year ended 31st March 2023 for approval.

The Head of Finance explained that all but one of the Audit Adjustments (the unadjusted misstatement mentioned in Item 16 above) requested with the External Auditors' Audit Findings

Report (and set out at Appendix B) had been included in the 2022/23 Statement of Accounts along with the additional derecognition of assets held at cost, in the value of £511k, which were found to be superseded by other asset listings.

She also highlighted one other asset under construction item, held at cost, the value of which had been selected for review. This related to the Lomeshaye Phase One Extension to bring new development and jobs to the area. Work had been done in recent days by the Council's valuers to ascertain the retained value of the land which had reduced from £4m to £57k. The adjustment would see any impairment of the asset offset against the Capital Adjustment Account.

A number of typos and other minor amendments were also pointed out by Members.

RESOLVED

That, subject to the recent amendment concerning the asset under construction item, and the several typos and amendments mentioned at the meeting, the Statement of Accounts for 2022/23 be approved.

REASON

To fulfil statutory sign-off of Audited Accounts.

18. EXEMPTION TO CONTRACT PROCEDURE RULES

The Director of Resources reported two exemptions from Contract Procedure Rules for information. One was for the contract awarded for the Live Streaming of Council meetings. The other was in respect of the Operational Management of Leisure Facilities. The report gave details of the contract, the reason for the exemption and how the contractor was selected.

RESOLVED

That the exceptions to the Contract Procedure Rules be noted.