

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 28TH JANUARY 2025**

PRESENT

*Councillor M. Ammer
Councillor D. Cockburn-Price
Councillor M. Stone
Councillor D. Whipp
Mr D. Whatley*

Also in Attendance

<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>Head of Finance PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

Apologies were received from G. Jones (Grant Thornton), D. Rothwell and Councillor R. Anwar.

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26. APPOINTMENT OF CHAIR

As the Chair had sent her apologies and the Vice-Chair, Councillor M. Ammer, was only able to stay for the first part of the meeting, nominations were invited for the appointment of Chair for this meeting only.

RESOLVED

That Councillor D. Whipp be appointed Chair for this meeting.

Councillor D. Whipp (in the Chair)

27. DECLARATION OF INTERESTS

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

Councillor Whipp declared a non-pecuniary interest in Item 32 as a Councillor Director on joint ventures of Penbrook and PEARL.

28. MINUTES

RESOLVED

That the minutes of 12th November 2024 be agreed as a correct record and signed by the Chair.

29.

INTERNAL AUDIT PROGRESS REPORT

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 1st November 2024 to 20th January 2025.

Since the last meeting the Internal Auditors had finalised reviews on the Colne Municipal Theatre (an advisory review so an assurance rating was not applicable), Performance Reporting & Data Quality (substantial assurance) and Complaints and Learning (moderate assurance). The audit recommendations for these reviews were included in the summary of follow-up activity on previous audit recommendations which were set out at Appendix D.

There were 2 reviews at draft report stage – Homelessness and Finance Deep Dive
The following reviews were in progress – Customer Care (fieldwork), Risk Management (fieldwork), IT Critical application (IDOX system) (fieldwork), Revenue and Benefits (planning) and External audit governance review response (planning).

Of the 61 recommendations set out in Appendix D, 23 of these were not due for follow up. Of the remaining 38 actions 20 had been fully actioned and 18 were in progress. These included 6 high priority recommendations, 3 in relation to the Information Governance audit which were in progress with a revised date of 31st December 2024. The remaining 3 related to the Staff Performance/ Appraisals review and IT Cyber Resilience review which now had a revised date of 31 March 2025.

There were questions about the review of the Colne Municipal Theatre project following a significant overspend and whether lessons had been learnt. The Director of Resources explained that some of the additional expenditure was due to the initial costings increasing, the age of the building and uncovering problems as works progressed. At that time Property Services were outsourced to Liberata. Now that they were in-house there was a closer working relationship with the finance team which meant issues were picked up quicker. Members were assured that procedures and additional resources had been put in place within the Finance Team to ensure that all future projects would be carefully monitored.

Members considered two proposed changes to the audit plan. Given the Council had recently had an external review undertaken on Joint Ventures it was felt by management that an additional audit on this area would not be of much value at this stage. It was suggested that a review of the Council's Emergency Planning Arrangements be undertaken instead. A review of the Council's Building Control arrangements had been planned. However, the Health and Safety Executive were currently undertaking a review of this area. It was proposed to review the Council's Disabled Facilities Grant system instead, which had not been covered in the last 3 years.

The Director of Resources said that the Council had seen and commented on the draft report on Joint Ventures from the independent legal advisor and was now awaiting the final report. This would be summarised and presented to all Councillors in due course, along with any recommendations/actions for follow up.

RESOLVED

- (1) That the Internal Audit progress report be noted.
- (2) That Internal Audit have another look at the Complaints Procedure in due course to look at how complaints were being dealt under the new system.

- (3) That the two proposed changes to the audit plan be approved.

REASON

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

30. EXTERNAL AUDIT – SHORT FORM AUDIT FINDINGS REPORT

The External Auditors were unable to attend this meeting but had indicated that they would be happy to respond to any questions from Members of the Committee.

A letter from G. Jones to the Chair of the Committee set out Grant Thornton's position on the conclusion of the audit for 2023/24 and the application of the local authority backstop 2023/24. The letter stated that it was not possible for Grant Thornton to complete their audit for 2023/24 by the statutory backstop date. They would therefore be issuing a disclaimer of their audit opinion on the financial statements. It also reported on the Value for Money work and other work under the National Audit Office Code of Audit Practice. Their audit fees were set out on page 7 of the report.

RESOLVED

- (1) That the letter from the External Auditors be noted.
- (2) That the Director of Resources express concern about the External Auditor's proposed fees in view of the amount of work expected to be carried out on the audit for 2023/24.

REASON

To be fully aware of the External Auditor's position regarding the audit of the 2023/24 Financial Statements.

31. EXTERNAL AUDIT – DRAFT DISCLAIMER OPINION

The External Auditors submitted a disclaimer opinion as they had been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2023/24 Financial Statements. Members pointed out a typo in the third para on page 1 that referred to the Authority's financial statements being published on 13th January 2025 not 2024. There was also concern that the External Auditors did not fully understand the decision-making process within the council in relation to planning applications and appeals.

RESOLVED

- (1) That the disclaimer opinion be noted.
- (2) That the Director of Resources be asked to give further information to the External Auditors on the arrangements for determining planning applications within the Council to clarify the significant weakness reported on page 3 of their opinion and inform them of the typo on page 1 of their report.

REASON

To ensure that the External Auditor's disclaimer opinion was accurate.

32. EXTERNAL AUDIT – AUDITOR'S ANNUAL REPORT

The External Auditors had submitted their Annual Report for 2023/24 which summarised the work they had undertaken for the Council during 2023/24. The core element of their report was the commentary on the value for money arrangements.

The Executive Summary reported their findings which included 6 key recommendations – 4 that had been carried over from the previous year. One was in the area of financial sustainability and 3 related to governance around decision-making, the planning process and arrangements for the Council's relationship with its Joint Venture companies. The External Auditors were satisfied that the Council was making progress on these, but there were still some actions to be completed before they were fully implemented. The two new key recommendations were around finance team capacity and information governance. In addition, there were 12 improvement recommendations.

The Head of Finance explained the new systems and measures that had been put in place within the Finance Team and communicated to Management to ensure that they could draft the Statement of Accounts 2024/25 and future accounts more promptly.

RESOLVED

- (1) That the External Auditor's report be noted.
- (2) That the External Auditors be asked to review the wording in the governance section on Joint Ventures and the planning process to see if it could reflect a more accurate picture of the situation and Councillors' roles that acted in the public interest.

REASON

- 1. To demonstrate that the Committee is monitoring the work of External Audit.***
- 2. To be fully aware of the Council's position regarding the 2023/24 Financial Statements.***

33. DRAFT STATEMENT OF ACCOUNTS 2023/24

The Draft Statement of Accounts for 2023/24 were submitted for approval. The Head of Finance gave a brief summary of their content and explained that all the various checks carried out at this stage had been internal.

There was a discussion about capital grants and an assurance given that arrangements had been put in place to make sure that unspent funds from government could be retained. In the case of Levelling Up Funding and Town Deal Funding extensions had been put in place.

RESOLVED

- (1) That the Head of Finance and her Team be thanked for producing the Draft Statement of Accounts for 2023/24 within the tight deadline.

- (2) That, subject to the several typos and amendments mentioned at the meeting, and any further minor amendments submitted to the Head of Finance in the following week, and subject to a further circulation of the revised draft to Committee Members prior to being signed off, the Statement of Accounts for 2023/24 be approved and finalised.

REASON

To fulfil statutory sign-off of Audited Accounts.

34. LETTER OF REPRESENTATION 2023/24

The Director of Resources reported on the requirement to provide the External Auditors with a Letter of Representation in relation to the Council's Statement of Accounts for 2023/24.

Members noted the content of the letter and pointed out a few minor amendments.

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 2023-24 be noted and, the Chair of the Committee countersign the Letter of Representation as amended.

REASON

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

35. CORPORATE GOVERNANCE & RISK MANAGEMENT UPDATE

The Corporate Governance Steering Group submitted a report with an update on the developments relating to the Council's risk management arrangements, including the updated Strategic Risk Register (SRR) based on Q3 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).

The report highlighted the key points to note from the SRR in Q3 which were that the score of 2 Strategic Risks (SRR-02 and SRR-02b) had changed from amber to red. The changes were detailed in Appendix 1. She reported a further change to SRR07 following the request for a vote of no confidence in the Council Leader at the Council meeting in December. This would be included in the version being considered by the Executive on 30th January.

The Director of Resources said that a lot of work had been undertaken in Q3. Members welcomed the better layout and presentation. There was a discussion about some of the risks and their scoring. It was felt that further information was needed on SRR-04 Delivery of the Local Plan and SRR-14 Joint Venture Companies. It was also suggested that a risk be added on the local government restructure implications.

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 add a further risk on the local government restructure.
- (3) That the Local Code of Corporate Governance be noted.
- (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.

36. TREASURY MANAGEMENT MID-YEAR REPORT

The Head of Finance submitted a report on 2024/25 treasury management activities of the Council for the period 1st October to 31st December 2024. She highlighted the main issues in relation to the Council's investments and rate of return and the Council's borrowing strategy. £1m had been repaid in this period. No additional borrowing had been undertaken in 2024/25. The Council started the year with investments of £31.75m. As at 31st December 2024 this stood at £38.15m. Levelling Up Funding £2.1m would be reimbursed to the Council in early March adding to cash holdings.

Officers were meeting LINK Group Advisors on 31st January to discuss the latest Balance Sheet Review and economic outlook, and who helped advise when would be a good time to borrow. She assured Members that the capital programme was continually monitored to keep under review future financing need.

RESOLVED

That the work on the Council's Treasury management activities for the period 1st October to 31st December 2024 be noted.

REASON

- 1. To comply with the Council Treasury Management Policy and good practice in treasury management generally.***
- 2. To utilise surplus funds strategically and avoid net costs from external borrowing.***

37. EXCLUSION OF THE PUBLIC AND PRESS

Members agreed to exclude the public and press from the meeting during the following items of business in pursuance of the power contained in Section 100(A) (4) of the Local Government Act, 1972 as amended when it was likely, in view of the nature of the proceedings or the business to be transacted, that there would be disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

38. EXEMPTION TO CONTRACT PROCEDURE RULES

The Director of Resources reported six exemptions from Contract Procedure Rules for information. 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.

Chair.....