

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 29TH JULY 2025**

PRESENT

*Councillor D. Cockburn-Price
Councillor B. Newman
Councillor M. Stone*

Also in Attendance

<i>L. Warner</i>	<i>Mersey Internal Audit Agency, MIAA</i>
<i>D. Patel</i>	<i>Grant Thornton</i>
<i>K. Spencer</i>	<i>Director of Resources Pendle Borough Council (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 Councillors R. Anwar and M. Ammer.)



1. APPOINTMENT OF VICE-CHAIR

Nominations were invited for the appointment of Vice-Chair of the Committee for the Municipal year 2025/26.

RESOLVED

That Councillor B. Newman be appointed Vice-Chair of the Committee for the Municipal year 2025/26, and in the absence of Councillor R. Anwar, he be appointed Chair for this meeting.

Councillor B. Newman (Vice-Chair, in the Chair)

2. DECLARATION OF INTERESTS

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

3. MINUTES

RESOLVED

That the minutes of 25th March 2025 be agreed as a correct record and signed by the Chair.

4. INTERNAL AUDIT PROGRESS REPORT

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 15th March to 21st July 2025.

Since the last meeting the Internal Auditors had finalised 4 reviews: Finance Deep Dive – Accounts Payable and Accounts Receivable (moderate assurance); Risk Management (substantial assurance); Council Tax and NNDR (substantial assurance); and Emergency Planning (substantial

assurance). She talked Members through the key areas from their work and actions to be delivered for these reviews which were set out at Appendix C of the report.

There was a discussion about a couple of the key areas agreed for action following the review of the Finance Deep Dive. The first key action was the need to record checks undertaken when verifying bank detail changes with suppliers. The Head of Finance explained that the checks were being done but had not been evidenced. Now this had been set up as standard procedure. The second key action related to the full review required of aged debt and a new monthly structured process to review debt. The Head of Finance explained the current process for dealing with debt generally and acknowledged that there was a need to review the process for dealing with older debt. There was a small internal working group looking at this issue and the work required, which would be taken forward.

The remaining 2024/25 reviews were at draft report stage - Disabled Facilities Grant, Customer Care, and IT Critical application (IDOX system). Work had commenced on the delivery of the 2025/26 Internal Audit Plan with the following reviews in progress – Follow up of previous internal audit recommendations, Payroll, VAT audit, Health & Safety and Governance.

Of the 83 recommendations set out in Appendix D, 15 of these were not due for follow up. Of the remaining 68 actions, 39 had been fully actioned and 29 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 August 2025. One related to the Staff performance/Appraisals review which had a revised date of 31st August 2025. The recommendation to come out of the Cyber Resilience review had been actioned but required evidence before closing it down. The recommendation relating to Finance Deep Dives – Accounts Payable & Accounts Receivable had now been actioned.

There was one proposed change to the Audit Plan - to replace the planned audit of Carbon plan with a review of the Council's project management arrangements in quarter 4. This had been selected by management as new processes were being implemented in this area.

RESOLVED

- (1) That the Internal Audit progress report be noted.
- (2) That the Head of Finance provide Members with further information on the categorisation of aged debt.
- (3) That the 2024/25 Internal Audit Plan be amended to replace the audit of the Carbon Plan with a review of the Council's project management arrangements in quarter 4.

REASON

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

5. INTERNAL AUDIT ANNUAL REPORT & HEAD OF INTERNAL AUDIT OPINION 2024/25

L. Warner presented the Internal Audit Annual Report and Head of Internal Audit Opinion for 2024/25 which provided Substantial Assurance and explained the reasoning for this opinion. This meant that there was a good system of internal control designed to meet the organisation's

objectives, and that controls were generally being applied consistently. This was the same Opinion as the previous year.

During the year MIAA had undertaken follow up reviews and concluded that the Council had made good progress with the implementation of recommendations. They would continue to track and follow up outstanding actions, particularly the outstanding high priority recommendations. Members were assured that the reason for these being overdue had been due to capacity rather than an unwillingness to implement them.

RESOLVED

- (1) That the Internal Audit Annual Report and Head of Internal Audit Opinion 2024/25 be noted.
- (2) That L. Warner provide further information to compare performance across Lancashire local authorities.

REASON

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

6. EXTERNAL AUDIT 2024/25 AUDIT PLAN

D. Patel presented the External Auditor's 2024/25 Audit Plan which provided an overview of the planned scope and timing of the statutory audit of the Council and set out the key developments impacting their audit approach.

He pointed out that the audit was risk based, and the main 3 risks were set out in the report and identical to the previous year: management override of controls; valuation of land and buildings; and valuation of the pension fund net asset. Any significant findings in these areas, as well as any other significant matters arising from the audit would be reported to the Committee.

Given that the 2023/24 audit was backstopped, the recommendations reported in the 2022/23 Audit Findings Report were being followed up on. There were 7 recommendations marked as in progress, and these would be assessed as part of the 2024-25 audit to ensure that actions taken to address the issues were fully implemented.

The report set out risks of significant weakness in value for money arrangements. The RAG rating for the auditor judgement on 2023/24 arrangements would inform the 2024/25 audit. It was expected that the draft Audit Findings report would be presented to the Committee in November and the final report presented at the January 2026 meeting.

The Plan gave details of the audit fees for 2024/25 which were £142,185. There would be additional work required in relation to the Council implementing IFRS 16 standard on leases.

There were a number of questions seeking clarification on the fees and whether anything could be done to reduce them, the work being undertaken to comply with the IFRS 16 standard, and around financial sustainability.

RESOLVED

That the External Auditor's plan for 2024/25 be noted.

REASON

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

7. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATES

D. Patel presented the External Auditor's report on progress in delivering their responsibilities. It also included several sector updates for consideration.

The audit of the Financial Statements for 2023/24 was backstopped and a disclaimer of the audit opinion was issued on 27th February 2025. The Audit Plan for 2024/25 was now complete. They had received the draft accounts and working papers and were in the process of selecting samples for audit so that the Council could provide the necessary paperwork. They had already met with the Chair of this Committee and the Director of Resources (Section 151 Officer).

The value for money audit reviews were expected to be complete by 31st December 2025.

RESOLVED

That the External Auditor's progress report be noted.

REASON

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

8. DRAFT STATEMENT OF ACCOUNTS 2024/25

The draft statement of accounts 2024/25 had been published on the Council's website. The period for public consultation ran until 11th August 2025. Any changes, additions or corrections would then be made. There were no changes suggested at the meeting.

RESOLVED

That Members submit any comments on the draft statement of accounts 2024/25 to the Head of Finance by the end of the public consultation period, 11th August 2025.

REASON

To contribute to the production of the final Accounts.

**9. RISK MANAGEMENT UPDATE – QUARTER 4, 2024/25 &
CORPORATE GOVERNANCE 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 Q4 2024/25 updates (Appendix 1);
- the Local Code of Corporate Governance which set out how the Council complied with the Delivering Good Governance Framework 2016 published jointly by CIPFA and SOLACE (Appendix 2);

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- the development of a Corporate Governance Framework detailing how the Council will obtain an assurance regarding the extent to which the Council is adhering to its commitment to good governance as set out in the adopted Local Code of Governance (Appendix 3);
- the Action Plan contained within the Annual Governance Statement (AGS) which forms part of the Statement of Accounts for 2023/24;
- the draft Annual Governance Statement 2025/26 (Appendix 4);
- and the Delivering Good Governance on Local Government: Framework – Addendum covering the annual review of governance and the annual governance statement published in May 2025 (Appendix 5).

The Director of Resources highlighted the key point to note from the SRR in Q4 which was that the score of 4 Strategic Risks (SRR-02, SRR-02b, SRR-03a and SRR-07) had changed. The changes were detailed in Appendix 1.

There was a discussion about some of the risks and their scoring. It was noted that the Local Government Review did not currently feature as a risk but would appear in the next quarter when members of the Corporate Governance Steering Group had had more time to consider the impact it would have. It was now unlikely that LCC would fund a new local Waste Transfer Site in Pendle before the closure of the one at Whinny Hill (SRR-02b). There were ongoing discussions with LCC to seek support for local facilities to be retained in Pendle for disposal of waste including food waste from April 2026.

With regard to SRR-03a – Effective Information Governance Arrangements – a report with several recommendations to strengthen governance in the Council's oversight of its joint venture companies, following the review by Anthony Collins LLP, would be considered by the Executive on 21st August. This was a report commissioned by the Council in response to weaknesses highlighted by Grant Thornton in their 2022/23 Annual Audit Report.

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 Local Code of Corporate Governance and the Corporate Governance Framework be noted.
- (3) That the progress in the delivery of the AGS Action Plan 2024/25 be noted.
- (4) That the Draft Annual Governance Statement 2024/25 be noted and the following amendment be made - that work on the Issue No 3 regarding gaps between its future spending and income for 2025/26 (page 8) be changed to ongoing rather than completed.
- (5) That the Delivering Good Governance Framework 2016 (CIPFA/SOLACE): Addendum and the requirements for the AGS 2025/26 onwards be noted.

REASON

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

10. TREASURY MANAGEMENT REPORT – Q4 2024/25 & Q1 2025/26

The Head of Finance submitted a report on treasury management activities of the Council for the period 1st January to 31st March 2025 (Q4 2024/25) and 1st April to 30th June 2025 (Q1 2025/26).

She highlighted the main issues in relation to the Council's investments and rate of return and the Council's borrowing strategy.

At the beginning of 2025/26 the Council held loans of £18.359m, at an average interest rate of 2.89%. No additional borrowing had been undertaken in Q4 2024/25 or Q1 2025/26.

Officers had met the Council's external advisers MUFG (formerly Link Asset Services) on 31st January and again in the previous week to discuss the latest Balance Sheet Review and economic outlook and how this would impact on the Council. Their current view was that in view of the high cash balances from holding funds not borrowed in 2024/25, the Council could sustain under borrowing for the coming year. The Capital Programme was continually monitored to keep under review future financing needs. This meant that the Council could repay £1.5m of borrowing this year.

The Council started the year with investments of £33.10m. The balance of investments at 30th June stood at £35.95m. It was noted that in Q1 the average rate of return on the Council's investment portfolio was 4.318%. In summary, there was a good return on investments and a good cash balance.

RESOLVED

That the work on the Council's Treasury management activities for the period 1st January to 30th June 2025 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.**

11. 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).

12. EXEMPTION TO CONTRACT PROCEDURE RULES

The Director of Resources submitted a report on exemptions from Contract Procedure Rules. There had been 6 since the last meeting. 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.

13. RESIGNATION OF INDEPENDENT MEMBER

The Director of Resources informed Members that David Whatley, the former Independent Member of the Committee, had resigned his position on this Committee following him accepting a role as Chair on the Audit Committee of the Lancashire Combined County Authority. He had been advised that it would be a conflict of interest to hold that role and the one at Pendle Council. Discussions would be held with the Monitoring Officer on a possible replacement. David had asked that his best wishes for the future to the Committee and the Council as a whole be passed on.

RESOLVED

That David Whatley be thanked for his many years' valuable contribution serving as an Independent Member on the Committee.