

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 27TH JANUARY 2026**

PRESENT
Councillor R. Anwar (Chair)

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

Also in Attendance

<i>L. Warner</i>	<i>Mersey Internal Audit Agency, MIAA</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 Councillor M. Ammer.)



28. DECLARATIONS OF INTEREST

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

Members' attention was also drawn to the requirements of the Council's Code of Conduct relating to the disclosure of Other Registrable Interests and Non-Registrable Interests.

29. MINUTES

RESOLVED

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

30. INTERNAL AUDIT PROGRESS REPORT INCLUDING ANTI-FRAUD UPDATE

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 15th November 2025 to 14th January 2026.

Since the last meeting the Internal Auditors had finalised the Governance review (substantial assurance). The key areas from their work and actions to be delivered were set out at Appendix C. Overall, the review found that there was a good system of internal control designed to meet the system objectives, and that controls were generally being applied consistently.

The IT Asset Management review was at draft report stage and being discussed with Management. The following reviews were in progress – VAT (fieldwork concluding/report being drafted); Health & Safety (fieldwork concluding/report being drafted); Contract Management (fieldwork), Procurement (fieldwork), Nelson Town Deal (fieldwork), Licensing (fieldwork), Risk

Management (planning/draft terms of reference issued) and Finance Deep Dive Budgetary Control (planning/draft terms of reference issued). There were no proposed changes to the Audit Plan.

The Internal Auditors had also followed up on previous IA recommendations. These were set out at Appendix D. Of the 70 recommendations, 18 were not due for follow up. This meant that of the remaining 52 actions, 32 had been fully actioned, 19 were in progress and 1 had not been actioned. There were no critical and 5 high priority recommendations outstanding. Three were related to the Information Governance audit and were past their original implementation date. One was expected to be completed by 28th February 2026, the remaining 2 had been given a revised implementation date of 31st October 2026. The Director of Resources explained that interviews were taking place later that week to recruit an Information Governance Officer and, once appointed, would be taking forward the remaining 2 high priority recommendations. The other 2 high priority recommendations related to the IT review of the IDOX system which were not yet due.

The report included an anti-fraud update. The Council's Anti-Fraud Policy/Strategy had been found to be out-of-date and incomplete. The Anti-Money Laundering Policy also needed to be updated. Once these policies had been refreshed and reviewed by management, they would be brought to this Committee for approval and then communicated to staff. It was noted that, as a rule, Council policies were reviewed every 2 years, or sooner if there was a change of legislation.

Members asked about the anomalies identified around purchase/corporate card expenditure or expense claims. They were assured that limits were set with senior management approval and with guidance on their use. The largest limit set was for the homeless team when accommodation was sometimes required at short notice and over the weekend.

RESOLVED

That the Internal Audit progress report be noted.

REASON

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

31. EXTERNAL QUALITY ASSESSMENT APPROACH

L. Warner presented a report on MIAA's requirement to comply with the Global Internal Audit Standards (UK Public Sector) (GIAS). MIAA undertook annual self-assessments in accordance with GIAS. However, every five years the GIAS required a qualified, independent assessor outside the organisation to validate the internal audit service's own self-assessment.

Their last External Quality Assessment (EQA) had been carried out in 2020/21 and they were required to commission an EQA in 2025/26 to meet the 5-year requirement outlined in GIAS. MIAA had appointed the Chartered Institute of Public Finance and Accountancy to undertake their EQA. GIAS required MIAA to ask their client Accounts and Audit Committees to approve their plans for EQA as set out.

RESOLVED

That MIAA's plan for External Quality Assessment as set out in the report be approved.

REASON

To provide an assurance on MIAA's internal audit service to the Council.

32. EXTERNAL AUDIT - AUDIT FINDINGS REPORT

An email from the External Auditors had been circulated earlier in the day explaining that whilst their work was substantially complete, as officers had agreed with the Chair of the Committee that the draft Statement of Accounts 2024/25 would now be considered at a separate meeting due to an issue around the valuation of assets, their Audit Findings Report and Interim Annual Report 2024/25 should be taken at the same meeting. So, these items had been withdrawn at the External Auditors' request.

33. EXTERNAL AUDIT – INTERIM ANNUAL REPORT 2024/25

As stated above an email from the External Auditors had been circulated earlier in the day explaining that this item had been withdrawn at their request.

34. DRAFT STATEMENT OF ACCOUNTS 2024/25

The Director of Resources explained that this item had been withdrawn with the agreement of the Chair as the asset valuations were still to be finalised. She explained the outstanding issues that needed to be addressed to the satisfaction of the External Auditors; the urgency in view of the statutory backstop date for audited accounts (27th February 2026); and the work involved.

It was proposed that officers continue to work on the accounts to resolve the outstanding issues and a further meeting be held in the next couple of weeks to approve the accounts and consider the two reports of the External Auditors at the same time.

RESOLVED

That a further meeting be held on 11th February to sign off the draft Statement of Accounts 2024/25 when the asset treatment was finalised and the accounts had been updated accordingly.

REASON

To fulfil statutory sign-off of Audited Accounts by the backstop date of 27th February 2026.

35. LETTER OF REPRESENTATION 2024/25

Members agreed to consider the Letter of Representation item alongside the statement of accounts for 2024/25 at the meeting on 11th February.

36. TREASURY MANAGEMENT 2025/26 QUARTER 3 MONITORING REPORT

The Head of Finance presented a report which gave a summary of the activity undertaken in the third quarter of 2025/26 in relation to the Council's debt and investment.

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 during Q3. The average interest rate was 2.82% as of 31st December 2025. An analysis of the long-term debt was set out at Appendix A with

a maturity profile at Appendix B. The borrowing position was within the boundary limits set and approved as part of the Treasury Management Strategy Statement and Annual Investment Strategy. The Council had not undertaken any short-term borrowing in this period.

The Council started the year with investments of £33.10m. The balance of investments at 31st December was £31.45m. It was noted that in Q3 the average rate of return on the Council's investment portfolio was 4.107%, compared to £4.194% at the end of Q2. Interest of £1.07m had been earned against a revised budget figure of £937k for Q3. This was mainly due to unspent grant income from the Nelson Towns Fund.

There had been no breaches of the counterparty limits during Q3 with either the Council's bankers, Lloyds, or with the Council's approved counterparties as set out in the approved list at Appendix C.

Whilst the Council was currently under-borrowed, due to high cash balances and elevated PWLB rates, it was able to wait and see before having to make any additional borrowing to fund the capital programme. There was an assurance that the capital programme was continually monitored to keep under review future financing needs.

RESOLVED

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