

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 11TH FEBRUARY 2026**

PRESENT
Councillor R. Anwar (Chair)

Councillor D. Cockburn-Price

Also in Attendance

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>S. Iqbal</i>	<i>Grant Thornton UK LLP</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 D. Rothwell and Councillors M. Ammer and M. Stone.)



37. 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.

38. MINUTES

RESOLVED

That the minutes of 27th January 2026 be agreed as a correct record and signed by the Chair.

39. EXTERNAL AUDIT - AUDIT FINDINGS REPORT

S. Iqbal presented the key findings and other matters arising from their work on the statutory audit and the preparation of the Council's financial statements for 2024/25.

Their audit was substantially complete and their key findings were summarised in the report. They had identified 3 adjustments to the financial statements that had resulted in a £0.125m adjustment to the Council's Comprehensive Income and Expenditure Statement. The adjustments were detailed at page 34-37.

They had focused on the key risk areas. They had issued a recommendation relating to management override of controls which related to the Head of Finance having input and authorised a journal. Their audit of the revenue and expenditure cycles in relation to fraudulent transactions had not identified any issues.

Most of the discussion focussed on the risk due to the date the Council's RICS qualified valuers provided valuations, which was at 1 April 2024. The auditors had previously recommended (for

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the last 5 years) that assets be revalued at 31 March of the year of the accounts, as there was a risk that valuations at 1 April could move by a material amount if there were any significant fluctuations in the market over the year. Or, alternatively, to provide a formal assessment to confirm that the value at 1 April remained at year end. Management's response set out how they intended to provide additional information to support their assessment in future audits. It was noted that the Council had recently undertaken further valuations on the Council's six largest assets and these had been included in the Statement of Accounts.

The External Auditors had sought further information and assurances on the valuation of the pension fund liabilities/asset, and this work was complete.

There was a risk related to the implementation of IFRS 16 leases which became effective for local government bodies from 1st April 2024. There was some reconciliation work required which had now been completed.

The report set out recommendations for Management in an Action Plan and an update on recommendations from prior year audits.

They had completed their VFM work and their detailed commentary was set out in the separate Auditor's Annual Report (see below).

Total fees for their audit and non-audit services were set out in the report and totalled £161,685.

They had concluded that the information to be published alongside the financial statements, including the Annual Governance Statement, was consistent with their knowledge of the Council and with the financial statements they had audited.

Once the final adjustments had been made, and they had received a Letter of Representation with the Statement of Accounts from the Council, they would issue their Audit Opinion which would be disclaimed. This was attached in draft form at the end of their report.

G. Jones said that it was an improving picture. They had done all the testing they would normally do focusing on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures and closing balances. However, she explained that as the previous year's audit was subject to a backstop-related disclaimed audit opinion, they had limited assurance over the opening balances for 2024/25 and no assurance over the closing reserves balance due to the uncertainty over their opening amount. They had been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 28th February 2026. She would be discussing with officers how to rebuild assurance on the opening balances for 2025/26.

RESOLVED

That the work of the External Auditors be noted.

REASON

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

40. EXTERNAL AUDIT – INTERIM ANNUAL REPORT 2024/25

S. Iqbal introduced a report summarising the work undertaken for the Council during 2024/25 as the appointed External Auditor.

Part 4 of the report focussed on the Council's value for money arrangements and provided a commentary on three main areas: Financial Sustainability; Governance; and Improving Economy, Efficiency and Effectiveness. Their Key Recommendations (KR) and Improvement Recommendations (IR) were set out in part 5 of the report alongside the action being taken by management to address them. The follow up of 2023/24 KR's was given in part 6 with a commentary on progress and any further action required. Follow up of 2023/24 IR's was set out at Appendix C.

The External Auditors flagged up a significance weakness around Financial Sustainability. A KR was that the Council should prepare and agree short and medium-term plans to close its budget gap by generating savings and not have a major reliance on reserves. The preparation of plans should include taking decisions regarding future years before the budget setting Council meeting. The Director of Resources said that filling the budget gap would require cuts or charges. Work had been undertaken to reduce the 2025/26 overspend to £78k at the end of Q3 down from £700k at the end of Q2.

Other significant weaknesses were related to Governance with a further 3 KR's. The Director of Resources gave an update on the progress made in relation to each KR where the action required had either been implemented or, in the case of the Council's information governance processes, would be complete by September 2026. It was noted that much progress had been made, including the recent appointment of an Information Governance Officer. Work to update the Record of Processing Activity and Information Asset Register was complete and was in the process of being rolled out across services so that they could be maintained.

The Council had sought independent legal advice from Anthony Collins LLP on its governance of its joint venture companies. Their report had been discussed at the Executive meeting in August 2025 and their recommendations implemented. It had been agreed that Councillors who were Directors of the Council's joint venture companies should declare their interests at all relevant Council meetings and comply with the Code of Conduct as regards them not participating in discussions and voting on matters in which they had declared an Other Registrable interest.

Members present felt that this requirement to leave the room and not take part in the discussion should be looked at again to see if there was a way that a Councillor/Director could declare an interest but remain in the meeting, in the best interests of the Council and its investments. The Director of Resources appreciated that this was difficult in a small authority, but the legal advice received was clear.

G. Jones agreed to look at rewording the KR4 on the Council's planning process to accurately reflect some of the decision-making of area committees. There was an issue of granting applications and going against policy rather than refusing applications which is when costs could be awarded.

RESOLVED

- (1) That the work of the External Auditors and the assurances given by officers of ongoing work to address the risks identified be noted.

- (2) That the Monitoring Officer be asked to see if there was a legitimate way that a Councillor/Director of a joint venture company could declare an interest in an item of business but remain in the meeting to aid discussion.

REASON

1. ***To demonstrate that the Committee is monitoring the work of External Audit.***
2. ***To allow well informed, full discussion of joint venture company issues at Council meetings.***

41. DRAFT STATEMENT OF ACCOUNTS 2024/25

The Head of Finance presented a report seeking approval of the Statement of Accounts for 2024/25 which were almost complete. The accounts included the adjusted misstatements as set out in the External Audit Findings report. Valuations had been undertaken on the Council's six largest assets to assess whether there had been any movement in value between 1 April and the year-end. The work needed to address the IFRS16 risk had been undertaken and accounts adjusted accordingly. They had also agreed to make some final amendments on the presentation, to make it easier for people to understand what was included in some of the larger figures.

The External Auditors had also made some recommendations as a result of issues they identified during the audit, to which Management had responded, and would look to implement for the 2025/26 accounts.

The Council's unaudited accounts were completed and published on the Council's website on 30th June 2025. The period of public inspection of the accounts and supporting documents commenced from the 1st July ending on 11th August 2025. There had been no questions or enquiries from members of the public.

It was noted that the Statement of Accounts also included the Annual Governance Statement and Narrative Report, both of which were required to be published together with the financial statements.

RESOLVED

- (1) That, subject to final audit adjustments as necessary, and the several typos and minor amendments mentioned at the meeting, the Statement of Accounts for 2024/25 be approved.
- (2) That the Chair and the Section 151 Officer sign the Statement of Accounts for 2024/25 on behalf of the Committee.

REASON

To fulfil statutory sign-off of Audited Accounts by 28th February 2026.

42. LETTER OF REPRESENTATION 2024/25

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 2024/25.

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 2024/25 be noted and, the Chair of the Committee countersign the Letter of Representation and date it accordingly.

REASON

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

Chair