

**MINUTES OF A MEETING OF THE
ACCOUNTS AND AUDIT COMMITTEE
HELD AT NELSON TOWN HALL
ON 24TH MARCH 2026**

PRESENT
Councillor R. Anwar (Chair)

Councillor D. Cockburn-Price
Councillor M. Stone
David Rothwell

Also in Attendance

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>G. Winstanley</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>

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43. 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.

44. MINUTES

RESOLVED

That the minutes of 11th February 2026 be agreed as a correct record and signed by the Chair.

45. 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 January to 16th March 2026. -

Since the last meeting the Internal Auditors had finalised reviews on IT Asset Management (limited assurance) and Nelson Town Deal (substantial assurance). The key areas from their work and actions to be delivered were set out at Appendix C.

Members asked questions about the limited assurance opinion on the IT Asset Management review and sought assurances that the weaknesses identified had been addressed. L. Warner said that Internal Audit were satisfied with the management response. A significant amount of work had been undertaken on the key areas agreed for action and a new standardised IT Asset Register had been devised. The Council would be asking Internal Audit to do a follow-up review next year.

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The following reviews were at draft report stage - Health and Safety; Risk Management; and Licensing. The draft report on the VAT review would be issued in the next few days. The following reviews were in progress - Contract Management (fieldwork concluding), Procurement (fieldwork), Finance Deep Dive Budgetary Control (fieldwork); Project Management (planning); and Council Tax and NNDR (Planning with fieldwork to commence late March/April). 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 69 recommendations, 16 were not due for follow up. This meant that of the remaining 53 actions, 31 had been fully actioned, 21 were in progress and 1 had not been actioned.

There were no critical and 7 high priority recommendations outstanding. Two were for the IT Asset Management Review which were not yet due. Three related to the Information Governance audit and were past their original implementation date. They had been given a revised implementation date of Sept/October 2026. The newly appointed Information Governance Officer who started post on 9th March was now working on their implementation. The other 2 high priority recommendations relating to reviewing user accounts and password controls on the IDOX system were in progress.

The report included an anti-fraud update. The Council's Anti-Fraud/Anti-Bribery/Anti-Money Laundering Policies which had been found to be out-of-date and incomplete had now been reviewed. A summary report was currently in draft stage, highlighting the revisions and updates proposed, which would be submitted to the Director of Resources shortly for consideration. Once approved and then subsequently ratified by this Committee, both policies would be published and communicated to colleagues to raise awareness. Information had been shared with management on the new "Failure to Prevent Fraud" offence.

There had been some proactive transactional testing of fuel card purchases. An initial assessment of the data had identified an 11.6% anomaly rate, although there was nothing at this stage to suggest any fraudulent conduct and these errors could only be the result of incomplete or missing data. An update would come to this Committee in due course.

The Committee was updated on MIAA's requirement to comply with the Global Internal Audit Standards (UK Public Sector) (GIAS). At the last meeting the Committee approved their plans for External Quality Assessment (EQA). The Chartered Institute of Public Finance and Accountancy had carried out the EQA and given MIAA their highest rating. The report would be shared with the Committee in due course.

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.

46. DRAFT INTERNAL AUDIT PLAN 2026/27

L. Warner presented the draft Internal Audit Plan for 2026/27 which included core assurances, national and regional risk areas, and strategic risks from the Council's assurance framework. The draft Plan set out at section 6 of the report was based on an initial risk assessment and provided indicative coverage for the Council. It included areas which had been reviewed and received limited assurances. The Plan also gave reasons why some risks in the Strategic Risk Register were not being covered by reviews in 2026/27.

The Plan formed part of the Council's three-year Strategic Internal Audit Plan which was set out at Appendix A. Appendix B proposed a number of KPIs to support the work of Internal Audit.

It was intended that the Plan would be reviewed through the year and if MIAA felt changes were needed, these would be brought back to this Committee for approval.

The fees for Internal Audit in 2026/27 were set out in the contract tender submission.

L. Warner presented the Internal Audit Charter which was mandated through Global Internal Audit Standards and was a formal document that defined the internal audit activity's purpose, authority, and responsibility. There had been no major changes to the Charter since last year.

RESOLVED

- (1) That the draft Internal Audit Plan for 2026/27 be approved.
- (2) That the Internal Audit Charter be noted.

REASON

- 1. To agree the most appropriate internal audit plan for 2026/27.**
- 2. To note the Internal Audit Charter defining the Internal Audit role, structured around the Global Internal Audit Standards in the UK public sector.**

47. ANTI-FRAUD PLAN 2026/27

L. Warner presented MIAA's draft Anti-Fraud Plan for 2026/27 budgeted for 20 days. They would work with Senior Management to move forward the fraud, bribery and corruption agenda and planned activities covering 3 main areas: a review of awareness raising activities; a review of the Council's compliance with key public sector counter fraud standards and requirements, including its readiness for the new Failure to Prevent Fraud legislation; and a proactive review of a high spend area using data analytics. One day had been set aside for a review of any referrals received.

RESOLVED

- (1) That the draft Anti-Fraud Plan for 2026/27 be approved.
- (2) That the Director of Resources be asked to confirm that the 20 days set aside for the anti-fraud audit work was included in the fees for the Internal Audit contract and not additional expenditure.

REASON

To reduce the risk of fraud in the Council.

48. EXTERNAL AUDIT PROGRESS REPORT

G. Jones 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. She informed the Committee that Matt Derrick would be the lead going forward. She introduced Gareth Winstanley as the new Manager in place of S. Iqbal.

Their audit was completed on 26th February 2026 and they had issued a disclaimer opinion on the Council's financial statements. They had begun their planning work for 2025/26, which included an updated review of the Council's control environment; updated understanding of its financial systems; and an understanding of how the Council made material estimates for the financial statements. As part of their interim visit, they would aim to complete early substantive testing on a number of areas including operating expenditure; fees and charges income; grants; and payroll.

Their fees totalled £146,166 for the Council audit.

They had met with the Finance Team and had a debrief on the 2024/25 final accounts audit, identifying areas that worked well, and how the audit process could be more efficient for 2025/26. It was noted that the deadlines for the 2025/26 audit would come forward again this year to January. Their Audit Findings Report would be reported to the November meeting of this Committee. This would include their opinion on the Council's financial statements.

The report included sector updates on Public Sector Finance Leaders' Barometer; CIPFA Code changes to the accounting for non-investment assets; Audit Readiness Training; Finance Settlement 2026/27 to 2028/29; Local Outcomes Framework; Local Government Reorganisation and Devolution Update; Unlocking land for housing; The Crisis and Resilience Fund; Successful legacy planning for major events; and After the Backstop. It also included some Accounts and Audit Committee resources.

Members sought more information and assurances on how the Finance Team were going to ensure that the Council could get back to a clean audit opinion on the 2025/26 Statement of Accounts. This included discussion on opening and closing balances and the way in which the Council was valuing its assets. The Head of Finance said a lot of work had already been done to this end and the Team would continue to work with External Audit on work required for a clean opinion. The Chartered Institute of Public Finance and Accountancy had introduced a new accounting policy on valuations. Indices would be critical. She had set up a meeting with the Council's valuers on how they would approach the large amount of work required to ensure compliance.

RESOLVED

- (1) That G. Jones, Key Audit Partner at Grant Thornton, be thanked for her work on the Council's External Audit function over the last few years and G. Winstanley be welcomed as Manager in place of S. Iqbal.
- (2) That the work of the External Auditors be noted.

- (3) That the Director of Resources be asked to ensure that adequate resources were put in place to ensure that the Finance Team could comply with the requirements to achieve a clean audit opinion and avoid additional audit fees.

REASON

1. ***To demonstrate that the Committee is monitoring the work of External Audit.***
2. ***To achieve a qualified audit opinion on the 2025/26 Statement of Accounts.***

49. RISK MANAGEMENT UPDATE – QUARTER 3, 2025/26 & CORPORATE GOVERNANCE UPDATE

The Director of Resources 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 2025/26 updates (Appendix 1);
- the Council’s Corporate Governance arrangements; and
- the delivery of the Action Plan 2025/26 contained within the Annual Governance Statement (AGS) which formed part of the Statement of Accounts for 2024/25 (Appendix 3).

The Director of Resources highlighted that the key point to note from the SRR in Q3 was that the score of 5 Strategic Risks had changed (SRR-01 Financial Sustainability; SRR-04 Delivery of the Local Plan; SRR-09 Achievement of carbon neutral targets by 2030; SRR-10 Safeguarding of residents; and SRR-14 Joint Venture Companies). Since the Q2 review a new Strategic Risk had been added to the SRR relating to Homelessness Services (SRR-16). Details were at Appendix 1.

There was a discussion about the risk score reducing from 16 to 12 for Financial Sustainability. It was noted that the Council had agreed a balanced budget for 2026/27 at February’s Special Budget Council meeting, including the use of reserves. At this meeting the Medium-Term Forecast position for 2026/27 to 2028/29 and the savings required over the period of the forecast was also approved.

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 position on 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 2025/26 be noted.

REASONS

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

**50. CLOSURE OF ACCOUNTS 2025/26 – GOING CONCERN STATUS
& ACCOUNTING POLICIES**

The Director of Resources submitted a report to update the Committee on the Accounting Code of Practice for 2025/26, requesting approval of the proposed Accounting Policies as the basis on which the accounts would be prepared for the financial year ending 31st March 2025 and to inform the Committee of the assessment of the Council as a 'going concern' for the purposes of producing the Statement of Accounts for 2025/26.

Members were informed that an update had been made to the accounting policies under Property, Plant and Equipment to reflect changes in the Code regarding 5-year rolling programme revaluations, and the introduction of indexations to assess fair value as at Balance sheet date in the intervening years. Further work would be required for land valuations.

RESOLVED

- (1) That the proposed accounting policies for the 2025/26 accounts as set out at Appendix A of the report be approved.
- (2) That the outcome of the assessment made of the Council's status as a 'going concern' for the purposes of preparing the Statement of Accounts for 2025/26 be accepted.

REASON

To comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Local Authority Accounting.

51. 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).

52. EXEMPTION TO CONTRACT PROCEDURE RULES

The Director of Resources submitted a report on exemptions from Contract Procedure Rules. There had been 2 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.

Chair