

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON 12<sup>TH</sup> NOVEMBER 2024**

*PRESENT*  
*Councillor R. Anwar – Chair*

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

**Also in Attendance**

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>D. Patel</i>	<i>Grant Thornton UK LLP</i>
<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>

◆◆◆◆

**19. DECLARATION OF INTERESTS**

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

**20. MINUTES**

**RESOLVED**

That the minutes of 30<sup>th</sup> September 2024 be agreed as a correct record and signed by the Chair.

**21. INTERNAL AUDIT PROGRESS REPORT**

L. Warner highlighted the key areas of progress made against the Internal Audit Plan for the period 20<sup>th</sup> September to 31<sup>st</sup> October 2024.

Since the last meeting the Internal Auditors had finalised reviews on Council Tax & NNDR and Sickness Absence which had both had substantial assurances. 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. It was noted that sickness absences at Pendle Council were the highest for local authorities in the region and Members asked if this would still be the case if sickness absences in Operational Services were taken out of the equation.

There were 4 reviews at draft report stage – the Colne Muni project briefing note, Finance Deep Dive, Performance Reporting & Data Quality and Homelessness. Three of the draft reports were awaiting management responses. The Director of Resources reported that the management response on the Colne Muni report had been submitted earlier in the day.

## Accounts and Audit Committee (12.11.2024)

The following reviews were in progress – Complaints & Learning, Customer Care, Risk Management and IT Critical Application (IDOX system).

33 out of 53 recommendations had either been fully actioned or were in progress. The remaining 20 recommendations were not yet due for action. These included 6 high priority recommendations, three in relation to the Information Governance audit which were in progress with a revised date of 31<sup>st</sup> December 2024. The remaining 3 related to the Staff Performance/ Appraisals and IT Cyber Resilience audits and were not yet due.

### **RESOLVED**

- (1) That the Internal Audit progress report be noted.
- (2) That the Director of Resources provide more detailed information about sickness absence by service area.

### **REASON**

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

## **22. EXTERNAL AUDIT PROGRESS REPORT**

D. Patel talked Members through the External Auditor's progress report.

The audit of the Financial Statements for 2022/23 had been concluded and an unqualified opinion was issued on 23<sup>rd</sup> October 2024.

Their audit plan was issued on 16<sup>th</sup> July 2024 in which they outlined their timeline for the 2023/24 Financial Statements audit. They had been due to start the audit at the end of September but been unable to commence work as they were still awaiting the draft Financial Statements for 2023/24. He referred to the backstop date of 28<sup>th</sup> February 2025 that the Government had put in place to bring local audit on track. At the last meeting External Auditors and officers were still aiming to meet this deadline. However, at this point, having not received the Financial Statements, the auditors were uncertain that they would meet this deadline.

He was confident that Grant Thornton would complete the 2023/24 value for money audit review by 31<sup>st</sup> December 2024. They would report the results in their Annual Report to the January 2025 meeting.

The fees for the 2023/24 Council audit were £128,100 with an additional fee of £7,530 to cover audit work in respect of the revised ISA 315 Identifying and Assessing the Risk of Material Misstatement requirements, as set out in their audit plan. The fees were derived from the procurement exercise carried out by PSAA in 2022.

The Head of Finance gave an update on the work outstanding on the draft Financial Statements for 2023/24 and explained the pressure for completing them alongside other work, including setting the 2025/26 Budget. She was working with the Director of Resources to ensure that good quality accounts were produced to meet the December deadline for publishing them, rather than rushing them. G. Jones confirmed that in view of the delay Grant Thornton would struggle to complete the audit by 28<sup>th</sup> February 2025.

Members asked about the implications of not having the 2023/24 Financial Statements audited and whether this would affect the Council's ability to borrow or funding bids. The Director of Resources said that it was not expected to affect borrowing as the Council borrowed from the public sector and funding bids were awarded by Government.

Members also sought an assurance that the resources of the Finance Team were sustainable. It was noted that the Finance Team had undertaken a lot of work this year that would make the compilation of the following year's accounts easier. Staff had also undergone training that would mean additional resources would be available in the future. The Director of Resources and Head of Finance were in discussion about resources, priorities and timing. In the short term, some additional resources would be found to support the Budget process.

There was a discussion about the disadvantages of having a set of accounts that were qualified in some areas. G. Jones explained that this would not give an assurance about the opening values for the following year. She would need to discuss this with colleagues, but it was likely that in view of efficiency and time Grant Thornton would give a full disclaimer opinion in January 2025. In terms of fees, whilst potentially there was scope for the Council to get some fees back for their work on the 2023/24 Financial Statements, there would be additional work to do on the 2024/25 Financial Statements to confirm the opening values.

## **RESOLVED**

- (1) That the work of the External Auditors be noted.
- (2) That the difference between having a qualified Statement of Accounts or one that was partially qualified or disclaimed at 28<sup>th</sup> February 2025 be acknowledged.
- (3) That the Director of Resources provide further assurance to Members on the implications of having a disclaimed set of accounts.
- (4) That the 2023/24 Financial Statements be published by the due date in December accepting that the practicalities of achieving a full audit opinion on them by 28<sup>th</sup> February 2025, was unlikely.

## **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.***
3. ***To allow the Head of Finance to focus on 2024/25 and the budgeting process for 2025/26.***

## **23. 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 based on Q2 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).

There was a discussion about the risks in the Strategic Risk Register Update Quarter 2 and whether some of them needed to be updated. The title and wording for SRR-14 was mentioned at the last meeting but had not been updated. The Director of Resources said that a lot of work had been done in Quarter 3 which would be reflected in the next update. This included updates on actions SRR-01 and SRR-04 and changing the terminology for the inherent and original risk scores. She agreed to look at the title and wording of SRR-14 which appeared to be about governance arrangements rather than joint ventures.

**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 reflect the risk of possible local government reorganisation and what that would mean for the Council; that the £600,00 referred to on Page 7 be amended to £600,000; that SRR-14 be renamed but joint ventures still have some visibility in the Register.
- (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.***

**24. TREASURY MANAGEMENT MID-YEAR REPORT**

The Head of Finance submitted a report on 2024/25 treasury management activities of the Council for the period ending 30<sup>th</sup> September in accordance with the Council's Treasury Management policy. She highlighted the main issues in relation to the Council's investments and rate of return and the Council's borrowing strategy. No additional borrowing had been undertaken in 2024/25 as the Council was holding excess cash from Government Town Deal funding.

**RESOLVED**

That the Executive be recommended to note the work on the Council's Treasury management activities for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2024 and the Mid-Year Report.

**REASON**

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

**25. 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.....

DRAFT