

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 28TH JULY 2020

**PRESENT: Councillor Marriott (Chair)
Councillors Aldred, Essex, Haslam-Jones, Kenyon, Procter
and Steen
Co-opted Member, Mr S McManus**

**IN ATTENDANCE: Ms K Spencer, Head of Finance
Mr A Ahmed, Acting Finance Manager
Mr N Shaw, Chief Executive
Mr M Baskerville, Audit Manager, LCC
Mr P Dossett, Grant Thornton Auditors
Ms S Iqbal, Grant Thornton Auditors
Mr M Dalton, Mazars Auditors
Ms A Payton, Mazars Auditors
Mrs J Cook, Committee & Member Services
Miss G Ashton, Committee & Member Services**

**ALSO PRESENT: Councillors A. Barnes, Cheetham, Haworth, Lythgoe, Neal,
Oakes, Serridge and Walmsley
2 members of the public**

1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received; all committee members were present.

2. MINUTES OF THE MEETING HELD ON 3RD DECEMBER 2019

RESOLVED:

The minutes of the meeting held on 3rd December 2019 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

3.1 The Chair confirmed that there were no urgent items of business.

4. DECLARATIONS OF INTEREST

4.1 There were no declarations of interest.

5. PUBLIC QUESTION TIME

5.1 No written questions had been received.

6. CHAIR'S UPDATE

The following update was given in relation to actions from the previous meeting:

- 6.1 Issues with the Risk Register/Matrix had been rectified.

7. EXTERNAL AUDIT FINDINGS REPORT AND OPINION FOR 2016/17 ACCOUNTS

- 7.1 The External Auditor (Grant Thornton) presented the report which set out the audit findings for the year ending 31st March 2017. The main findings were outlined and outstanding matters noted with regards to the council's improvement journey. Subject to representations and final consistency checks, the External Auditors expected to give a qualified 'except for' VfM conclusion.

- 7.2 In response to comments made it was noted that:

- There were not too many major changes between this document and the draft received in March 2019. The panel process used to issue opinions was clarified and the impact of Covid-19 noted.
- Clarification was given with regards to related party transactions and materiality.
- Issues raised with contracts and conformity were noted.

RESOLVED:

- The report was noted and Grant Thornton and officers were thanked for their work on this matter.

8. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS FOR 2016/17

- 8.1 The Head of Finance presented the report that set out the Annual Governance and Statement of Accounts for 2016/17. She confirmed that all required changes had been made and a Covid-19 statement added. It was confirmed that the Council was satisfied that Grant Thornton had made a fair assessment and that it was recommended that the accounts be signed off at this meeting.

- 8.2 No comments were made in relation to this item.

RESOLVED:

- That the Annual Governance and Statement of Accounts for 2016/17 be approved and signed by the Chair of Audit and Accounts Committee and the Section 151 Officer.

9. LETTER OF REPRESENTATION 2016/17

- 9.1 The Head of Finance noted the letter of representation to the External Auditors (Grant Thornton) which outlined the financial statements and compliance for the year ending 31st March 2017.

- 9.2 In response to comments made it was noted that:
- Adding a caveat to account for the conclusion of the AAW/Empty Homes police investigation, to allow for unknown elements.
 - The Chair of the Committee confirmed his impartiality.

RESOLVED:

- That the Letter of Representation be signed with authority delegated to the Chair in consultation with the Head of Finance to add an appropriate caveat.

10. EMPTY HOMES PROJECT

10.1 The Chief Executive introduced the report which provided the Committee with an update on the Empty Homes Project and the future approach to its management. A summary of the properties was provided – 245 had been returned to owners in liveable condition and during 2019/20, 75 had been returned to owners. A breakdown of summarised costs was provided which stated that the net cost of the project to date was currently £6.099m. A provision of £300k had been made in the MTFs for 2020/21, which would be reviewed annually. An outline was given of how the project would be managed going forward, with the Chief Executive as the project lead and a lead officer to be established.

- 10.2 In response to comments made it was noted that:
- The report was informative and stated that the council was moving to a better position.
 - The police investigation remained open and periodic updates given to the Chief Executive and frustration at the length of time was noted.
 - The Chief Executive agreed to let members know how many Rossendale Properties were included at the start of the project.
 - Governance was noted and the Overview and Scrutiny Committee received quarterly updates with regards to performance and risk.
 - The Chief Executive provided assurance that the live risk register would be updated and maintained in relation to the project.
 - The Section 151 Officer provided assurance that the figures in the report were subject to audit and would be properly annotated in the 2019/20 accounts.

RESOLVED:

- The update was noted.

11. INTERNAL AUDIT ANNUAL ASSURANCE OPINION 2019/20

11.1 The Audit Manager, LCC, outlined the report which provided members with the Internal Audit Service's annual audit and assurance opinion for 2019/20. Key findings were outlined and it was noted that for 2019/20, moderate assurance had been given with regards to the Council's systems of governance, risk management and internal control.

11.2 In response to comments made it was noted that:

- Project management systems and controls required more training and awareness. Training was being provided.
- A Project Board had been established along with a project management framework.

RESOLVED:

- The Committee considered the Internal Audit Annual Assurance report for 2019/20.

12. INTERNAL AUDIT ANNUAL AUDIT PLAN 2020/21

12.1 The Audit Manager, LCC, noted the Annual Audit Action Plan for 2020/21 and outlined the changes to the plan, due to Covid-19, including a reduction in resources and temporary staff redeployment. A revised 105 day plan had been agreed, with some work now deferred to next year.

12.2 In response to comments made it was noted that:

- 3 days for project management had been allocated.
- Covid-19 expenditure was noted. The Finance Manager outlined the checks and balances that had been carried out with regard to the grant scheme. Further guidance on liability for fraudulent claims was required from the Government.

RESOLVED:

- The Committee considered and approved the Annual Internal Audit Plan for 2020/21.

13. EXTERNAL AUDIT PROGRESS REPORT

13.1 The External Auditor (Mazars) presented the External Audit Progress Report which outlined the audit progress made. The report had been discussed and agreed with the Council's Section 151 Officer. The planned and substantive work and observations made so far were highlighted. Further work would be required on the Council's Property Plant and Equipment (PPE) balance and asset valuation, along with valuation of the Council's pension liability.

13.2 No comments were made in relation to the report.

RESOLVED:

- The report was noted.

14. CORPORATE RISK REPORT Q3 AND Q4 2019/20

14.1 The Head of Finance presented the Corporate Risk Report for quarters 3 and 4 of 2019/20. Three risks were rated as red, being a major disaster affecting the delivery of council services, sustainability of LCC's budget and non-delivery of Spinning Point. The impact of Covid-19 was noted with the Council's Emergency Plan and Business Continuity Plans being activated at the end of quarter 4.

- 14.2 In response to comments made it was noted that:
- The Corporate Risk Register was much improved. Clarification on how items ended up on the register and how they were audited was provided.
 - The Risk Register was open to the external auditors to audit if they requested it.
 - The Chief Executive outlined the process of project management and risks in light of the internal audit.
 - The impact of Covid-19 on LCC services was not currently known. Clarification was provided with regards to the financial impact on Rossendale budgets, with estimated lost income projected to be between £140-£160k.
 - The Chief Executive confirmed that a further £132k had been received from the Government.

RESOLVED:

- That members noted the Corporate Risk Register as detailed in the report.
- That members noted the risk consequences, mitigation action and level of risk as detailed in Appendix 1.

15. REVIEW OF AUDIT & ACCOUNTS TERMS OF REFERENCE

- 15.1 The Chair noted that the Terms of Reference of the Audit and Accounts Committee were usually brought to the first meeting of the municipal year as good practice.
- 15.2 No comments were made in respect of this item.

RESOLVED:

- That members noted the Terms of Reference.

16. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

- That the public and press be excluded from the following items of business under Section 100(A)(4) of the Local Government Act 1972 since the items involved the likely disclosure of exempt information under Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972.

17. STANDARDS COMPLAINTS UPDATE (VERBAL)

- 17.1 An update was given in relation to Standards Complaints.

RESOLVED:

- That the update was noted.

18. WHISTLEBLOWING UPDATE (VERBAL)

- 18.1 An update was given in relation to Whistleblowing.

RESOLVED:

- That the update was noted.

The meeting commenced at 6.30pm and finished at 7.50pm

Signed (Chair)

Date