

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 27TH MARCH 2022

**PRESENT: Councillor MacNae (Chair)
Councillors McInnes (sub for Cllr Kenyon), Procter, Smith
(sub for Cllr Brennan), Steen & Woods
Mr S McManus, Co-opted member**

**IN ATTENDANCE: Ms K Spencer, Head of Finance (S151 Officer), RBC (virtually)
Mr M Baskerville, LCC Internal Auditors
Mr A Dalecki, LCC Internal Auditors
Mr D Green, LCC Internal Auditors
Mr P Dossett, Grant Thornton Auditors (virtually)
Ms C Walker, Fraud & Compliance Officer, RBC
Miss G Ashton, Committee Officer, RBC**

ALSO PRESENT: Councillor Walmsley

OBSERVED REMOTELY: Councillor Ashworth & 1 member of the public

1. APOLOGIES FOR ABSENCE

1.1 Apologies were received from Councillors Brennan and Kenyon.

2. MINUTES OF THE MEETING HELD ON 9TH MARCH 2022

RESOLVED:

The minutes of the meeting held on 9th March 2022 were agreed as a correct record subject to the following amendment:

8.3 The Chair expressed concerns that the Chief Executive was also a Director of the *RTB Partnership* and would prefer another senior manager to approve invoices.

3. URGENT ITEMS OF BUSINESS

3.1 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 There were no public questions.

6. CHAIR'S UPDATE

6.1 The Chair provided an update on actions from the previous meeting:

Fee paid to the credit agencies for data - The sum is payable to the Cabinet Office for checks against credit agency data. Current annual cost is £2,450. The amount is usually

scalable based on the size of authority so it is expected larger authorities would pay more. The sum is fixed/set by the Cabinet Office and is a mandatory request to undertake.

Internal Audit Annual Plan 2022/23 – The Internal Auditor, LCC had amended the dates and circulated a revised copy of the plan to Committee members.

7. ANNUAL FRAUD REPORT 2021/22

7.1 The Fraud & Compliance Officer presented the report, which asked members to note the work completed during 2021/2022.

7.2 In response to comments from the Committee it was noted that:

- No special exercises had been completed during 2021/22 due to the work on Covid grant frauds.
- Housing Benefit frauds were referred to the DWP for investigation; Council Tax frauds could also be referred. Each case was assessed/actioned on a case by case basis.

RESOLVED:

- The Audit and Accounts Committee noted the Annual Fraud Report for 2021/22.

8. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS 2017/18

8.1 The Head of Finance outlined the report, which asked members to note the contents of the report and the changes made since the draft was submitted in June 2018. To approve the Letter of Representation regarding the 2017/18 Accounts and approve the Annual Governance Statement and Statement of Accounts 2017/18 (Appendix 1). She outlined the significant changes to the accounts in relation to asset valuations and the sale of Rossendale Transport Limited.

8.2 In response to comments from the Committee it was noted that:

- In light of the amendments to the accounting treatment of the sale of Rossendale Transport Ltd. resulting in the movement of the sale receipt from revenue to capital, the subsequent years' accounts will be revised to make best use of the capital receipt.
- The Governance Statement had been updated since the accounts were presented to the Committee in June 2018. This formed part of the highlight report from the Internal Auditors.

RESOLVED:

- The Audit and Accounts Committee noted the contents of the report, and the changes made to the Annual Governance Statement and the Statement of Accounts 2017/18 (Appendix 1) since the draft was submitted in June 2018.
- The Audit and Accounts Committee approved the Letter of Representation regarding the 2017/18 Accounts (Appendix 2).
- The Audit and Accounts Committee approved the Annual Governance Statement and Statement of Accounts 2017/18 (Appendix 1).

9. EXTERNAL AUDIT FINDINGS REPORT AND OPINION FOR 2017/18 ACCOUNTS

9.1 Grant Thornton outlined the report, which set out the audit findings for year ending 31st March 2018. It was noted that changes to the audit requirements and staff turnover had made the audit challenging. All queries had been finalised and an unqualified opinion

provided. The majority of work had been around group accounting and the transport arrangements. The asset base had been the biggest challenge. Investment is needed to ensure the asset register is adequately maintained and the asset valuations are of the standard required to comply with accounting requirements. The audit fee was in excess of what was planned due to the length of time taken to conclude the accounts. It was noted that the Finance Team had been very supportive in resolving the issues raised.

9.2 The following comments were made and clarifications provided:

- Appreciation was expressed to Grant Thornton and the Finance Team for the work undertaken
- The Chair was very happy with the unqualified audit opinion.
- There had been a number of challenges, and finalising the accounts was a huge achievement.
- An update on the audit of the subsequent year's accounts would be provided at a future meeting.

RESOLVED:

- The Audit and Accounts Committee noted the contents of the report.

10. CORPORATE RISK REPORT Q4 2021/22

10.1 The Head of Finance outlined the report, which asked members to note the contents of the report, the risk consequence, mitigation action and level of risk as detailed in Appendix 1. Two risks had a red risk rating; Sustainability of the Medium Term Financial Strategy and Impact of Covid-19 on the financial sustainability of council owned leisure assets.

10.2 The following comments were made and clarifications provided:

- The 28% turnover of staff included agency staff appointed for Covid work and a number of retirements. Retaining and recruiting staff was an issue for Rossendale as well as other local authorities and the private sector.
- In comparison to other authorities and the private sector, salaries were low at Rosendale and the conditions less agile.
- An amber rating for the Sustainable Workforce risk was not agreed and more exploration was needed.
- It was noted that the Responsible Officer initially allocated the risk rating which was then reviewed and challenged by the Corporate Management Team.
- It was suggested that Neil Shaw, Chief Executive and Clare Claw, Head of People and Policy, attend future meetings to explain risk mitigation, the approach going forward and answer Committee questions.
- Enquiries to be made regarding Cyber Security training for councillors.
- Increasing utility bills, fuel costs and the final pay settlement would have an effect on the MTFS.
- The Government settlement will not be known until December.
- The funding gap at February 2022 was £600k.
- It was noted that for risk 1 (Sustainability of the MTFS) a number of actions were out of the control of the Head of Finance; it was suggested that the Responsible Officer be changed to the Chief Executive.
- The Government sets what the authority can retain from Business Rates and sets the cap for any increase to Council Tax; this was the Council's main income. Additional

commercial units would increase Business Rates but there were limited places to build units in the borough.

- The Leisure Trust had made losses during Covid but income levels were now recovering. However, increases in utility costs and the minimum wage was having a significant impact. The Council and Leisure Trust were working closely to resolve issues.

RESOLVED:

- The Audit and Accounts Committee noted the Corporate Risk Register as detailed in the report.
- The Audit and Accounts Committee noted the risk consequence, mitigation action and level of risk as detailed in Appendix 1.
- The Committee requested that the Amber risk rating in relation to the Sustainable Workforce risk be re-assessed for Quarter 1.

11. REVIEW OF AUDIT & ACCOUNTS TERMS OF REFERENCE

- 11.1 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. He queried the level of input from the Committee in relation to the oversight and management of risk mitigation and suggested that more mitigation detail be provided to the Committee.

RESOLVED:

- The Audit & Accounts Committee noted the Terms of Reference.

12. INTERNAL AUDIT ANNUAL ASSURANCE OPINION 2021/22

- 12.1 The Head of Internal Audit, LCC outlined the report, which asked members to consider the Internal Audit Annual Assurance Opinion 2021/22. The overall assurance was moderate which was a positive opinion. It was noted that one audit had been deferred to give the new H&S Officer time to settle into her new role. He expressed his gratitude to the staff for the support provided.

- 12.2 The following comments were made and clarifications provided:

- The Planning service audit had not been finalised but would be awarded limited assurance. This was already captured in the Risk Register. The findings would be reported to the next meeting.
- The Internal Audit plan and findings were built into the Risk Register.
- It was confirmed that Directors, Managers and Officers were included in the audit process.

RESOLVED:

- The Audit & Accounts Committee noted the Internal Audit Annual Assurance Opinion 2021/22.

13. INTERNAL AUDIT PROGRESS REPORT Q1 2022/23

- 13.1 The Head of Internal Audit, LCC outlined the report, which asked members to consider the Internal Audit Progress Report for Quarter 1 2022/23.

RESOLVED:

- The Audit & Accounts Committee noted the Internal Audit Progress Report 2022/23.

14. INTERNAL AUDIT CHARTER

14.1 The Head of Internal Audit, LCC outlined the report, which asked members to consider the Internal Audit Charter.

14.2 The following clarification was provided:

- No significant changes had been made to the Charter.

RESOLVED:

- The Audit & Accounts Committee noted the Internal Audit Charter.

15. EXTERNAL AUDIT VERBAL UPDATE – MAZARS

15.1 The Head of Finance provided a verbal update from Mazars. Now the 2017/18 accounts had been approved/signed, work would commence on the 2018/19 accounts. This will commence in November due to staffing issues. Annual audits had been taking place in relation to Housing Benefit Subsidy Control.

15.2 In response to a comment made it was noted that:

- Mazars would attend the next Committee meeting.

RESOLVED:

- The Audit & Accounts Committee noted the verbal update from Mazars.

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 provided in relation to Standards Complaints.

RESOLVED:

- That the update was noted.

18. WHISTLEBLOWING UPDATE (VERBAL)

18.1 An update was provided in relation to Whistleblowing.

RESOLVED:

- That the update was noted.

The meeting concluded at 7.47pm

Signed (Chair)

Date