

**MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE**

**DATE OF MEETING: 6<sup>th</sup> March 2024**

**PRESENT: Councillor M Smith (Chair)  
Councillors Cheetham (sub), Hodgkiss (sub), MacNae, Neal,  
Procter and Walmsley**

**IN ATTENDANCE: Rob Huntington, Chief Executive, RBC  
Karen Spencer, Chief Finance Officer (S151 Officer), RBC  
Andy Dalecki, LCC Internal Auditors  
Alastair Newall, Mazars External Auditors  
Katie Kingston, Mazars External Auditors  
Glenda Ashton, Committee Officer, RBC**

**ALSO PRESENT: Kimberley Haworth, Head of Financial Services, RBC  
1 member of the public**

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**1. APOLOGIES FOR ABSENCE**

1.1 Apologies were received from Councillors S Smith and Woods (Councillors Cheetham and Hodgkiss subbing) and Mr S McManus, Co-opted member.

**2. MINUTES OF THE MEETING HELD ON 29<sup>th</sup> November 2023**

**RESOLVED:**

The minutes of the meeting held on 29<sup>th</sup> November 2023 were agreed as a correct record.

**3. URGENT ITEMS OF BUSINESS**

3.1 There were no urgent items of business.

**4. DECLARATIONS OF INTEREST**

4.1 Councillor Cheetham declared that she was a County Councillor at Lancashire County Council.

**5. PUBLIC QUESTION TIME**

5.1 There were no public questions.

**6. CHAIR'S UPDATE**

6.1 It was noted that the Debt Management Policy would be reviewed by the Overview & Scrutiny Committee on 11th March and considered by Cabinet on 5th June 2024.

**7. STATEMENT OF ACCOUNTS 2022/23 – UNAUDITED**

7.1 The Chief Finance Officer presented the report, which asked members to note the contents of the unaudited accounts for 2022/23 at Appendix A.

7.2 Due to time constraints training for Committee members had not been possible prior to publication. This would take place before the next Committee meeting.

7.3 The following comments were made and clarifications provided:

- The Finance Team were congratulated on the work undertaken during challenging times.
- The Chief Finance Officer confirmed that the Council was required to set a lawful budget and this had been achieved.
- Concerns were raised regarding councillor conduct at the 28<sup>th</sup> February budget setting Council meeting. Officers were thanked for setting a lawful budget.

**RESOLVED:**

The Audit and Accounts Committee noted the contents of the Unaudited Statement of Accounts for 2022/23 at Appendix A.

**8. CORPORATE RISK REGISTER UPDATE Q3 2023/24**

8.1 The Chief Finance Officer presented the report, which asked members to note the risk consequence, mitigation action and level of risk as detailed in Appendix 1. It was noted that there were two red risks, the Stability of the Medium Term Financial Strategy and Financial Sustainability of Council Owned Leisure Assets.

8.2 The following comments were made and clarifications provided:

Risk 1 – Sustainability of the Medium Term Financial Strategy (MTFS)

- Several authorities had recently issued S114 notices and 19 Councils were receiving exceptional financial support. This funding came with conditions and the money borrowed was at an inflated interest rate.
- Other authorities in Lancashire were in a similar position to the Council but Rossendale had a short and long term efficiency plan.
- The Chief Finance Officer was not aware of the East Lancs Councils writing to the Government regarding their financial positions. However it was noted that ongoing discussions were taking place between Lancashire’s Chief Executives.
- Work towards the MTFS and the priorities within the Valley Plan continued.
- Notification of the financial settlement from government was received very late in December, this made the setting of the budget and MTFS difficult.
- Being part of a two tier system increased costs for the Council but did not affect budget setting.
- There were concerns that the UK Shared Prosperity funding may be redirected to the upper tiers going forward. This would affect regeneration at local level.
- The devolution consultation results would be shared with members.

Risk 6 – Insufficient data and cyber security

- The second phase of cyber security training had been rolled out to officers and would be available for members in due course.

Risk 9 – Financial Sustainability of Council Owned Leisure Assets

- Rossendale had commissioned an independent review of the leisure provision in the borough. The recommendations/action plan from this review were currently being worked through.
- There was a level of confidence that the measures being put in place were sufficient to keep the risk under control. Other investments and funding streams were being investigated.
- It was noted that providing leisure facilities in the borough was not a statutory responsibility for the Council.

- A cross party leisure working group had been set up to discuss the borough's leisure provision and there was councillor representation on the Rossendale Leisure Trust Board.

**RESOLVED:**

- The Audit and Accounts Committee noted the Council's Corporate Risk Register as detailed in the report.
- Members noted the risk consequence, mitigation action and level of risk as detailed in Appendix 1.

**9. INTERNAL AUDIT PROGRESS REPORT 2023/24 – DECEMBER 2023 – JANUARY 2024**

9.1 The Head of Internal Audit, Lancashire County Council, outlined the report, which asked members to consider the Internal Audit report on progress to deliver the 2023/24 audit plan.

**RESOLVED:**

- The Committee considered the Internal Audit progress report for December 2023 to January 2024.

**10. INTERNAL AUDIT ANNUAL AUDIT PLAN 2024/25**

10.1 The Head of Internal Audit, Lancashire County Council, outlined the report, which asked members to consider and approve the Internal Audit Annual Plan for 2024/25.

10.2 The following comments were made and clarifications provided:

- It was recommended that members complete all mandatory training especially in relation to risk management.
- Concerns were expressed that not all members completed mandatory training. It was suggested that all new councillors sign a declaration on appointment to confirm that all mandatory training would be completed.
- It was confirmed that members had to be trained to sit or sub on Committees.
- Virtual training sessions were now recorded and were shared with all councillors after the training. Watching the recording was classed as training completion but there was no way to confirm that members had watched the training. If members had not completed training then the Council would need to assess if they had the appropriate skills and expertise.
- The External Auditors had been asked to include an assessment against best value duty which defines what a well-functioning authority displays.
- Key financials were included in the annual plan. The auditors look at issues and where value/assurance can be added.
- Reports from the Internal Auditors should clarify their independence and impartiality as the Council's auditors.

**RESOLVED:**

- The Committee considered and approved the Internal Audit Annual Plan for 2024/25.

**11. EXTERNAL AUDIT PROGRESS REPORT**

11.1 The Audit Manager and Public & Social Sector Director, Mazars, outlined the report, which asked members to note the contents of the report.

11.2 The following comments were made and clarifications provided:

- The report focussed on the Council's relationship with Rossendale Leisure Trust (RLT)

and progress made rather than historical staffing issues within RLT.

- The report did not suggest wilful overspending but was a factual report that set out an unsustainable financial position. Strong controls and a savings plan was needed.
- The backstop date was a challenge for the Council; the detail would be discussed in due course.
- With regards to the Backstop date, where previous year accounts haven't been audited how would the starting balance of the General Fund be confirmed as correct? This was a national problem and the Audit bodies were working on a solution to this. Rossendale were in a good position as they had published their accounts unlike other authorities.
- Historical bank reconciliations issues are being rectified and it was hoped would be completed by the end of the month, however this had highlighted in-year bank reconciliation issues. Other checks and balances were in place.
- The External Auditors were thanked for their work on the audits/reporting. There was a good working relationship between the Council and auditors who had been very helpful.

**RESOLVED:**

- The Committee considered the External Audit progress report.

**12. 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.

**13. STANDARDS COMPLAINTS UPDATE (VERBAL)**

13.1 An update was provided in relation to Standards Complaints.

**RESOLVED:**

- That the update was noted.

**14. WHISTLEBLOWING UPDATE (VERBAL)**

14.1 An update was provided in relation to Whistleblowing.

**RESOLVED:**

- That the update was noted.

**The meeting concluded at 7.50pm**

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**Signed (Chair)**

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**Date**