

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 25th September 2024

PRESENT: Councillor Harris (Chair)
Councillors Bleakley, Kenyon, Norton, Procter and Woods

IN ATTENDANCE: Rob Huntington, Chief Executive
Chris Warren, Director of Resources (s151 Officer), RBC
Kimberly Haworth, Head of Financial Services, RBC
Andy Dalecki, LCC Internal Auditors
Zaheer Abbas, LCC Internal Auditors
Katie Kingston, Forvis Mazars External Auditors
Karen Makusha, Forvis Mazars External Auditors
Glenda Ashton, Committee Officer, RBC
Hannah Cullen, Committee Officer, RBC

1. APOLOGIES FOR ABSENCE

1.1 Apologies were noted for Mr McManus, Co-opted member.

2. MINUTES OF THE MEETING HELD ON 31ST JULY 2024

RESOLVED:

The minutes of the meeting held on 31st July 2024 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 There were no declarations of interest.

5. PUBLIC QUESTION TIME

5.1 There were no public questions.

6. CHAIR'S UPDATE

6.1 The Finance Team were working with budget holders and managers to progress the Debt Management Policy. Once completed it would be relaunched and training rolled out. Committee to be updated on progress.

6.2 Arrangements for the Cross-Party Working Group had been put on hold pending clarity on the new legislation.

6.3 Whitworth Town Council did not receive a share of the collection fund surplus as the rules for Parish Councils were different. They do not have the same restrictions on increases as the other preceptors.

6.4 The contract management procedure audit had been deferred due to the General Election. It would now take place in 2024/25.

- 6.5 A copy of the Internal Audit Accounts Payable report was circulated to Committee members.
- 6.6 The Council's Business Adviser did not have an executive list of all the businesses in the Valley. He could only make assumptions on the reasons for the small reduction of businesses in the borough but would not be able to give a definitive answer. Work was underway to obtain accurate data for businesses in the area.
- 6.7 Officers were thanked for the prompt responses.

7. CORPORATE RISK REGISTER UPDATE Q1 2024/25

- 7.1 The Director of Resources 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.
- 7.2 The following comments were made and clarifications provided:
- Additional risk to be considered in relation to regeneration funds and project completion timescales as failure to comply would cause financial and reputational issues.
- Risk 2 – Major Disaster affecting the Delivery of Council Services
- The Council received details of flood risks via the Lancashire Resilience Forum. Meetings took place and arrangements were put in place when necessary.
- Risk 6 – Insufficient data and cyber security
- Training to be provided to all new and existing councillors.
- Risk 9 – Financial Sustainability of Council Owned Leisure Assets
- A number of recommendations were made at an Extraordinary Council meeting in May 2023. The Chief Executive agreed to provide an update on implementation of the recommendations.
 - The Leisure Trust Chief Executive would be invited to a future Council meeting to provide an update to all members.
 - A review of leisure facilities, requirements of the borough, and financial sustainability was needed.

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.

8. INTERNAL AUDIT PROGRESS REPORT 2024/25

- 8.1 The Senior Auditor, Lancashire County Council, outlined the report which asked members to consider the Internal Audit Report in progress to deliver the 2024/25 audit plan.
- 8.2 The following clarification was provided:
- The reconciliation of accounts was 90% complete. Testing would then take place and an update provided at the next Committee meeting.

RESOLVED:

- The Committee considered the Internal Audit Progress Report for 2024/25.

9. AUDIT STRATEGY MEMORANDUMS FOR 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24

9.1 The Audit Manager, Mazars, outlined the reasons for the delay in completing the audit of accounts which included the lapse in timescales, Council staffing issues and audit issues nationally. The Government had set a backstop date of 13th December 2024 for the publishing of audited accounts for financial years up to and including 2022/23. A further backstop date of 28th February 2025 had been set for publishing the 2023/24 audited accounts.

9.2 The following comments were made and clarifications provided:

- The PSAA had increased audit fees by 9.5% for 2024/25.
- Unaudited accounts were a national issue.
- New legislation had been announced with a series of backstop dates being implemented to address the local government audit backlog. Parliament are to sign a new Code, and from that the auditors would be able to issue modified audit opinions and understand the minimum amount of work required to do so.
- A minimum amount of work was required to catch up on the audit of accounts i.e. audits had to be planned and minimal testing undertaken. Full audits usually took place over a series of months with a number of transactions being tested.
- For 2024/25 and following years, the auditors would need to work on rebuilding assurance in order to issue unqualified audit opinions. Guidance from NAO was currently awaited. Discussions would then take place regarding the practicalities.
- The six years of outstanding accounts would have modified audit opinions issued against them by the end of the December deadline. However, some work would need to take place on these accounts over the following years to rebuild assurance for the auditors to issue unqualified opinions on subsequent years.

9.3 The internal and external auditors were thanked for their continued work.

RESOLVED:

- The Committee considered the Audit Strategy Memorandums for 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24.

10. 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.

11. STANDARDS COMPLAINTS UPDATE (VERBAL)

11.1 An update was provided in relation to Standards Complaints.

RESOLVED:

- That the update was noted.

12. WHISTLEBLOWING UPDATE (VERBAL)

12.1 An update was provided in relation to Whistleblowing.

RESOLVED:

- That the update was noted.

The meeting concluded at 7.25pm

Signed (Chair)

Date