

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

**DATE OF MEETING: 3<sup>rd</sup> December 2024**

**PRESENT: Councillor M Smith (Chair)  
Councillors Ashworth (sub), Bleakley, Driver (sub), Norton, Payne  
and Woods**

**IN ATTENDANCE: 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  
Alastair Newall, Forvis Mazars External Auditors  
Katie Kingston, Forvis Mazars External Auditors  
Glenda Ashton, Committee Officer, RBC**

**ALSO PRESENT: Councillors Neal and Walmsley**

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**1. APOLOGIES FOR ABSENCE**

- 1.1 Apologies were received from Councillors Kenyon, Procter and Mr McManus, Co-opted member.

**2. MINUTES OF THE MEETING HELD ON 25<sup>TH</sup> SEPTEMBER 2024**

**RESOLVED:**

The minutes of the meeting held on 25<sup>th</sup> September 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 revised Debt Management policy was currently in draft. Work had paused on its finalisation, owing to the statutory accounts and budget preparation work.
- 6.2 In relation to the resource available to deliver regeneration projects effectively, a risk had now been included on the risk register.
- 6.3 A cyber security test email had been circulated to all councillors. Cyber security training will now be rolled out to new and existing councillors by the end of the month.
- 6.4 The Council were to sign off accounts up to 2022/23 in line with the backstop legislation, and building back assurance would be something that Forvis Mazars would advise on, as and when procedures became clear.

## **7. INTERNAL AUDIT PLAN 2024/25 – PROGRESS REPORT SEPTEMBER – NOVEMBER 2024**

7.1 The Committee considered the Internal Audit report which detailed the progress in delivering the 2024/25 audit plan.

7.2 The following clarification was provided:

- The Contract Procedure Rules audit had been completed. The report would be available to the Committee once reviewed by the management team.

### **RESOLVED:**

The Committee considered and noted the Internal Audit report and progress to deliver the 2024/25 audit plan.

## **8. AUDIT COMPLETION REPORTS**

8.1 The Committee considered the Audit Completion Reports year ended March 2019 to March 2023.

8.2 The following comments were made and clarifications provided:

- The auditors and Finance Team were thanked for their hard work and for the good working relationship they had forged.
- A normal audit would usually take 3 months, based on a similar size authority, and there being no unusual circumstances.
- Issues with the completeness of 2019/20 through 2022/23 bank reconciliation was highlighted within this period. Reconciliations at each year end have been retrospectively completed and the full bank reconciliation is a monthly process for the Council and has been since 2023/24.
- There were no significant discrepancies on the cash balances for 2018/19 and retrospective reconciliations provided the s151 officer with assurance there was nothing untoward.
- There was no evidence of fraud and non-compliance with laws and regulations.
- The material discrepancies referred to in the audit recommendations were being determined and investigated by the Council. These related to inconsistencies between comparative figures within years under consideration. The Council has deployed additional resource to ensure that the opening balances for the 2023/24 accounts are robust having taken into account all audit adjustments received to date.
- Once the accounts have been adopted under the backstop provisions, the individual years annual accounts will not be re-stated. Any adjustments necessary will be dealt with, within the earliest available statutory accounts as a prior year adjustment. It was the auditor's view that the discrepancies would be resolved and the correct position known.
- It was confirmed that a disclaimer audit opinion would be made for the 5 sets of unaudited accounts from 2018/19 to 2022/23 and no assurance would be given from the external auditors. The Committee and Council should take assurances from recent and previous discussions. There were significant matters to be addressed but the Committee and Council were taking action to address those issues.
- In spite of the progress made regarding the auditors' issues, the auditor was under a duty to report the matters to Full Council and to the Secretary of State with a report going to next Full Council.
- The auditors did not have the detailed guidance from national stakeholders to report to

Committee how assurance would be rebuilt and how long this would take.

- Issues around the auditing of Council accounts was a national issue. The Government's solution was to impose backstop dates and if audits could not be completed, the auditors would make a disclaimer as is the case here.
- Future accounts are likely to be disclaimed as a result of the same backstop provisions. It is not known at this stage how long it will take to resolve the current national audit issues. The building back assurance process, when it is known, will dictate how long it will take to get back to unqualified audit status.
- In March 2024 the auditors identified that operating and financial agreement arrangements were not in place with Rossendale Leisure Trust (RLT) and a number of recommendations were made. These would be followed up as part of the value for money arrangements work that our auditors would carry out in relation to the statutory audit for 2023/24.
- The auditors could not comment on a difference between the inter organisation balances between RLT and the Council as they were not responsible for auditing the accounts of the trust.
- Transparent reporting and communication was needed from the trust to explain the current position and its future sustainability to residents.

**RESOLVED:**

The Committee noted the Audit Completion Reports year ended March 2019 to March 2023.

**9. ADOPTION OF STATUTORY ACCOUNTS IN LINE WITH BACK STOP ARRANGEMENTS**

9.1 The Committee noted the report and considered the statutory accounts including the Statement of Responsibilities and Annual Governance Statement.

9.2 The following clarifications were provided:

- Following advice from the Monitoring Officer, the Council's Barrister and other financial bodies, the unaudited accounts could be accepted with amended sign off of the statement of responsibilities from the s.151 and a footnote to the Annual Governance Statement.
- The report to Full Council regarding the statutory recommendations of the auditors would be published after this meeting so would be within the deadline for public consultation.

**RESOLVED:**

1. Members noted the contents of the report and accepted the statutory accounts including the Statement of Responsibilities and Annual Governance Statement in their current form as the final published accounts for 2018/19 through to 2022/23 (Appendices 2 to 6)
2. Members agreed to delegate to the Director of Resources and the Monitoring Officer in conjunction with the Chair of the Audit and Accounts Committee, any amendments to the documents to finalise the presentation of the statutory accounts, including the addition of the audit opinion, referencing adjustments and any minor amendments as necessary.

**10. CORPORATE RISK REGISTER UPDATE QUARTER 2 2024/25**

10.1 The committee considered the Council's Corporate Risk Register and the risk consequence, mitigation action and level of risk. It was noted that an additional risk had

been added in relation to the staffing of the Economic Development Team and its capacity to deliver regeneration projects.

10.2 The following clarifications were provided:

- The Council currently had £4m in reserves which would last 4-5 years.
- A level of debt had been agreed with RLT that could not be exceeded. This was monitored and the financial risk controlled.
- RLT had been asked to provide detailed cashflow information. Once received, it would be available for the Overview & Scrutiny Committee to review.
- Subject to approval, Economic Development staff with temporary contracts would be taken on as part of the establishment.
- Output and delivery of regeneration projects would continue to be monitored by the Economic Delivery Board.

**RESOLVED:**

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

**11. 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.

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

12.1 An update was provided in relation to Standards Complaints.

**RESOLVED:**

- That the update was noted.

**13. WHISTLEBLOWING UPDATE (VERBAL)**

13.1 An update was provided in relation to Whistleblowing.

**RESOLVED:**

- That the update was noted.

**The meeting concluded at 7.35pm**

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**Signed (Chair)**

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**Date**