

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

**DATE OF MEETING: 5<sup>th</sup> March 2019**

**PRESENT: Councillor Marriott (Chair)  
Councillors Aldred, Cheetham (sub for Councillor Essex),  
Haworth (sub for Councillor Steen), Lythgoe and Procter  
Mr M Ali (co-opted member)**

**IN ATTENDANCE: Mr P Seddon, Head of Finance  
Mrs J Crawford, Finance Manager  
Mr S Hardman, Grant Thornton Auditors  
Ms S Iqbal, Grant Thornton Auditors  
Miss G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: Councillor Walmsley  
3 members of the public**

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**1. APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were received from Councillors Essex and Steen, Mr M Baskerville and Ms R Lowry, LCC and Mr R Baker (GT Auditors).

**2. MINUTES OF THE MEETING HELD ON 4<sup>TH</sup> DECEMBER 2018**

**RESOLVED:**

The minutes of the meeting held on 4<sup>th</sup> December 2018 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 Councillors Cheetham and Marriott declared a non-pecuniary interest during Item 7 of the minutes as they had been Directors of Rossendale Transport Ltd.

**5. PUBLIC QUESTION TIME**

5.1 The Chair agreed to deviate from the procedure for public speaking and allow members of public present to ask questions as items on the agenda where presented.

5.2 The late publication of Item D2(a) was noted and the whereabouts of the Q3 Risk Register was queried. The Chair noted the late publication of the external audit

reports. The external auditors apologised for the delay and noted that work was ongoing on the 2015/16, 2016/17 and 2017/18 accounts. This was an unusual situation with a large volume of work to process at this time of year. The 2014/15 accounts had now been signed off and were available on the council's website. The Chair explained that this was an additional meeting and the usual meeting scheduled for 19th March 2019 would include the Corporate Risk Register.

## **6. CHAIR'S UPDATE**

6.1 Items had been covered during public question time.

## **7. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS FOR 2016/17**

7.1 The Finance Manager outlined the report which noted changes made to the Annual Governance Statement and Statement of accounts for 2016/17 which had been updated to reflect changes arising from 2014/15 and 2015/16. The main points and changes were outlined as per Section 5 of the report.

7.2 The Committee made comments which included the following:

- Had the Council's name been removed from Rossendale Transport Ltd with regards to Companies House? It was clarified that the company was sold in January 2018 and this would be reflected in 2017/18. This was an excellent piece of work and a lot of hard work had gone into the report.

### **RESOLVED:**

- That members noted the contents of the report and the changes made to the Annual Governance Statement and Statement of Accounts 2016/17 (Appendix 1) since the drafts were submitted in June 2017.
- That members considered the Letter of Representation regarding the 2016/17 Accounts (Appendix 2).
- That members approved the Annual Governance Statement and Statement of Accounts 2016/17 (Appendix 1) and delegated minor subsequent amendments to the Head of Finance and Chair of the Audit and Accounts Committee ahead of final sign off and release for issue.
- That members approved the Letter of Representation regarding the 2016/17 Accounts (Appendix 2).

## **8. EXTERNAL AUDIT FINDINGS REPORT FOR 2015/16**

8.1 The External Auditor outlined the report and the purpose and guidelines outlined within the executive summary. The audit was now substantially complete. The key issues arising from the audit were noted as per section 2 of the report.

8.2 In response to comments made, it was noted that:

- Clarification was given on the review of journal controls testing process. No significant issues were identified.

- Additional fees as a result of the empty homes issues were still open but expected to have been captured in the previous year's work.
- Empty homes, and other issues also impacted on the group accounts - the auditors provided clarification.
- Amendments, impacts and timescales of the 2014/15 and 2015/16 accounts were clarified by the auditors.
- The conclusions of the internal audit must be accepted and learned from. New projects must be carefully monitored.

**RESOLVED:**

- The report was noted.

**9. EXTERNAL AUDIT PLAN 2016/17**

9.1 The External Auditor outlined the plan for 2016/17. Work in the form of 'walkthrough tests' would be undertaken regarding:-

- Risk assessment
- PPE
- Pension valuation
- Non-rebuttable override of controls

9.2 The External Auditor noted the work already undertaken with regards to significant risks and further work was planned with regards to employee remuneration, accruals, empty homes and operating expenses. The 2016/17 plan would look at the council's response to the internal audit report of November 2015.

9.3 No comments were made on the report.

**RESOLVED:**

- The report was noted.

**10. EXTERNAL AUDIT PLAN 2017/18**

10.1 The External Auditor outlined the planned external audit work for 2017/18 and the key risk areas which would be examined, along with group accounts, the sale of the bus company and the accompanying impact on income/expenditure.

10.2 The Value for Money (VFM) approach for 2017/18 was outlined along with the criteria and three supporting sub-criteria. Again, the response to the November 2015 audit report would be considered.

10.3 The Committee, elected members and members of the public made comments which included the following:

- Materiality was clarified in the context of local government accounting and

examples were given.

**RESOLVED:**

- The report was noted.

**11. EXTERNAL AUDIT PROGRESS REPORT 2014/15 – 2017/18**

- 11.1 The External Auditor outlined the report which provided the committee with a summary of the audit work carried out over the past 4 years. It was confirmed that work on the 2014/15 accounts was completed and a VFM conclusion issued. An additional fee for this work was estimated in the report.
- 11.2 The 2015/16 accounts had been discussed in detail at the December 2018 meeting and earlier at item 8 above, and these were now substantially complete. It was the intention to bring the 2016/17 audit findings report to the next committee. Work regarding 2017/18 was expected to be completed by the end of March.
- 11.3 The Committee, elected members and members of the public made comments which included the following:
- Future meeting dates - it was noted that the next meeting could not be postponed to April due to, amongst other things, the pre-election 'purdah' period. Any questions could be submitted to the Committee Officer.
  - Auditors could also be contacted to answer queries and contact details were in their reports.
  - Timescales and delays were discussed. Mr Hardman explained that this was a unique set of circumstances in which delays beyond the end of March 2019 would have operational consequences for the Council, Grant Thornton and the new external auditors, Mazars.
  - Clarification was given on the pension scheme for Rossendale Transport.

**RESOLVED:**

- The report was noted.

**12. SECTION E – STANDARDS COMPLAINTS AND WHISTLEBLOWING UPDATES**

- 12.1 As there were no items to report under Section E of the agenda, the Chair did not propose that the meeting move into private session, and closed the meeting.

**The meeting commenced at 6.30pm and finished at 7.40pm**

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**Signed (Chair)**

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**Date**