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## AUDIT COMMITTEE

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**Monday, 30th July, 2018**

**Present:** Councillor Noordad Aziz (in the Chair), Councillors Diane Fielding (Vice Chair), Michael Miller, Tim O'Kane and Kath Pratt

**Apologies** Councillor Bernadette Parkinson

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**87 Apologies for Absence, Declarations of Interest, Dispensations and Substitutions**

Apologies for absence were submitted from Councillor Bernadette Parkinson, Mark Beard and Mike Walker.

There was no substitute representative for Councillor B. Parkinson.

There were no reported declarations of interest or dispensations.

**88 Minutes of the Last Meeting**

The minutes of the last meeting held on the 19<sup>th</sup> March 2018 were submitted for approval.

**Resolved - That the minutes be received and approved as a correct record.**

**89 Annual Internal Audit Report & Audit Opinion 2017/18**

The Head of Audit and Investigations had submitted a report to inform and update Audit Committee on the Annual Internal Audit Report and Audit Opinion for 2017/18 and to give details on the performance of the Internal Audit Team and final outturn position for 2017/18

The HBC Senior Auditor provided a detailed summary to Members and was pleased to report that good levels of internal control were found to be in place and no significant areas of concern were found that could impact on the Council's Financial Statements.

The Audit Opinion for 2017/18 was classed as "Substantial assurance" which meant that work undertaken was generally conducted with a sound system of internal control designed to meet the service objectives. The controls in place are generally being applied consistently, however some weaknesses in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

Each audit report issued was given an audit opinion on the issues identified and reported by internal audit. Table 2 of the report showed the opinions and how many each were issued in 2017/18.

Table 4 of the report detailed performance for 2017/18 together with the two most recent financial years as a comparison.

An amendment would be made to paragraph 3.21 of the report which stated that two audit engagements were almost complete as at 31<sup>st</sup> March 2017. The year should state 2018 and the Chair requested that this be changed accordingly.

Target coverage for the 2017/18 Audit Plan was 98% and 94.12% was achieved. Whilst the out-turn figure was not significantly below the actual target, the Head of Audit & Investigations has carried out additional calculations and established that had there been no sickness, special leave, compassionate leave and other leave then the out-turn figure for the year would have been 96.24% which would have been 1.76% below the target coverage. Therefore the 2018/19 Audit Plan coverage target remains at 98%.

**Resolved - That the report be noted for informational purposes.**

## **90 Audit Reports & Key Issues- Progress Report for the Period April- July 2018**

The Head of Audit and Investigations submitted a report to inform members of the Audit Committee of Audit Reports issued during the period April- July 2018 and bring to the attention of the Committee what the key issues were.

The HBC Senior Auditor reported there was a target of 98% of the audit plan to be completed by the end of the current financial year in terms of audit days completed. The figures contained in the report gave updated details to the end of June 2018 (22.64% of the plan completed) and the projected out turn position for 2018/19 (90.56% of the plan completed).

A summary of the main issues arising from audits carried out between April- June 2018 was attached to Appendix 1 of the report and detailed both substantial and comprehensive audit assurance in the following areas:

Substantial Assurance  
Creditors

Comprehensive Assurance  
Project Qulien (Garden waste payment system)  
Housing Benefit and Council Tax Support  
Cemeteries and Crematorium

No assurance rating had been allocated to external body nominations as the report issued to management team had not been dealt with due to other issues of greater importance.

The Chair asked the Deputy Chief Executive to address this issue as the report had been sent in February and requested an update at the next Audit Committee meeting.

**Resolved - That the report be noted for informational purposes.**

## **91 Audit Follow-Ups Report for the Period April- July 2018**

The Head of Audit and Investigations submitted a report to inform members of the Audit Committee on the outcome of routine follow-ups following previous agreed action plans for completed Audit Records. The follow-ups detailed within the report were those carried out during the period April- July 2018.

The information on the following follow-ups were carried out during the period April to July 2018 and were detailed within Appendix 1 of the report.

Data security and storage  
2 actions agreed and 2 actions had been implemented

Pest Control payment methods

4 actions agreed and 1 actions had been implemented

Taxi Licences

1 action agreed and 1 action had been implemented

ICT Assets

1 action agreed and 1 action had been implemented

CVMU Maintenance Schedules

2 actions agreed and 2 action had been implemented

Councillor Tim O’Kane requested if the internal audit team would investigate the insurance write off of taxis by the licensing department as minor damaged vehicles may be written off unfairly.

**Resolved - That the report be noted for informational purposes.**

**92 Audit Findings for Hyndburn Borough Council (Year ended 31 March 2018) - Grant Thornton**

Grant Thornton submitted a report to inform members of the committee on the audit findings and highlighted the key findings arising from the statutory audit of HBC and the preparation of the Council’s financial statements for the year ended 31st March 2018 for those charged with governance.

The external auditors acknowledged the HBC Accountancy Department for their work in meeting the earlier deadline this year and commented that the workings are of a good quality.

The Chair repeated Grant Thornton’s statement and requested that a thank you be recorded in the minutes to the Head of Accountancy and the finance team for their work in this challenging year to meet the required standards.

The report was explained with a summary of details for each section and Members were invited to ask any questions.

The contents of the report relate only to those matters which came to Grant Thornton’s attention during the conduct of normal audit procedures which are designed primarily for the purpose of expressing their opinion on the financial statements and giving a value for money conclusion.

Andrew Smith of Grant Thornton went through the report with a summary of details for each section, which included:

- Financial statements
- Value for money arrangements
- Statutory duties
- Significant and possible audit risks
- Accounting policies
- Audit adjustments
- Fees
- Draft audit opinion
- Draft letter of management representations

**Resolved - That the report be noted for informational purposes.**

**93 Statement of Accounts 2017/2018**

The Head of Accountancy, David Donlan submitted a report to inform Audit Committee on the production of the Annual Accounts and their External Audit and deal with issues arising from this work.

The HBC statement of accounts was attached to the supplemental agenda as an appendix along with a letter of representation and Capital Outturn report which contained slippage on the Capital Programme.

Councillor Diane Fielding abstained from voting on this item due to insufficient time to read the reports as these were released in the supplemental agenda published in the previous week to the meeting.

- Resolved -**
- (1) That Audit Committee approved and signed the Council's Statement of Accounts for 2017/18; and**
  - (2) That Audit Committee approved and signed the letter of representation; and**
  - (3) That Audit Committee approved the slippage on the Capital Programme; and -**
  - (4) That Audit Committee noted the audit findings report.**

**94 Time/Date/Venue of Next Meeting of Committee**

**Resolved - That the next meeting of the Audit Committee be held on Monday 19<sup>th</sup> November 2018 at 5.00pm in Scaitcliffe House.**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed