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# AUDIT COMMITTEE

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**Monday, 26th June, 2023**

**Present:** Councillor Peter Edwards (in the Chair), Councillors Noordad Aziz, Bernard Dawson MBE and Jodi Clements

**Apologies** Councillor Susan Hayes

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

Apologies for absence were submitted from Councillor Susan Hayes.

There were no Declarations of Interest or Dispensations notified.

**47 Minutes of the Last Meeting**

The minutes were not considered as previously approved.

**48 Risk Management Monitoring Report**

Stuart Sambrook, Policy Manager presented the report to Members to inform them of the outcome of the Strategic, Generic and Operational Risk Registers.

The Policy Manager discussed the background and the processes of Risk Management to the Committee.

The Council currently has 19 Strategic risks, 66 Operational risks and 17 Generic risks.

Audit Committee was requested to review the amendments of the risk registers since the submission of the last risk management report.

There had been 6 major changes made to the Strategic register detailed below;

Area	Change	Risk Rating With Controls
<b>DELETED RISK</b>		
Customer / Citizen	<b>Risk</b> Pandemic can cause harm to the health and wellbeing of the local Hyndburn community <b>Risk Owner</b> Chief Executive	Medium
Economic / Reputational	<b>Risk</b> Pandemic effect on Council's financial services, staffing arrangements and service delivery <b>Risk Owner</b> Chief Executive	Medium

Area	Change	Risk Rating With Controls
Political / Leader	<p><b>Risk</b> Pandemic impact on local democracy, decision making process, accountable procedures, transparency and local elections</p> <p><b>Risk Owner</b> Executive Director Legal and Democratic Services</p>	Medium
Environmental	<p><b>Risk</b> Warranted environmental / asbestos problems in land / properties following the 2006 LSVT</p> <p><b>Risk Owner</b> Executive Director Resources</p>	Medium
<b>NEW RISK</b>		
Customer / Economic	<p><b>Risk</b> A future pandemic can impact council services and cause harm to the health and wellbeing of the Hyndburn community</p> <p><b>Risk Owner</b> Chief Executive</p>	Low
<b>MOVED RISK</b>		
Professional	<p><b>Risk</b> Failure to recruit and retain suitably qualified staff</p> <p><b>Risk Owner</b> Head of OD &amp; Policy</p>	High

There had been 2 major changes made to the Operational risk register detailed below;

Area	Change	Risk Rating With Controls
<b>DELETED RISK</b>		
Financial	Cost implications of legal challenge of Selective Landlord Licensing	Low
<p><b>Risk Owner</b> Head of Regeneration and Housing</p>		
<b>MOVED RISK</b>		
Professional	<p><b>Risk</b> Failure to recruit and retain suitably qualified staff</p> <p><b>Risk Owner</b> Head of OD &amp; Policy</p>	High

A summary list of all the risks was reported in Appendix 4.

The committee discussed some of the risks with Mr Sambrook and clarified some points from the register.

External Audit confirmed they were happy that no financial issues were arising from Risk Management and happy with the Council Governance arrangements.

**Resolved – That the report was noted for informational purposes.**

**Mr Sambrook to come back to the Committee on the following points raised:**

- **To update the Committee on the Huncoat Garden Village risk.**
- **To update the Committee on the Leisure Transformation risk.**
- **To request further information on weekend burials and to check if this would go on the Risk Register.**

**49 Annual Internal Audit Report & Audit Opinion**

Mark Beard, Head of Audit & Investigations informed and updated Members on the report, gave details on the performance of the internal audit team and the final outturn position for 2022/23.

The Head of Audit & Investigations talked through Appendix 1.

The key issues were:

- The Head of Audit & Investigations is able to issue a positive opinion on the systems of Internal Control based on the work carried out in 2022/23 as detailed below. The opinion score very slightly improved from 1.40 in 2021/22 to 1.39 in 2022/23. The number of recommendations increased from 13 in 2021/22 to 14 in 2022/23.
- Internal Audit did not identify any issues in 2022/23 during the course of their audit work that would have a material effect on the Council's Financial Statements.
- Internal Audit achieved audit plan coverage of 90.01% in 2021/22. This was 7.99% below the annual target of 98%.
- Production and publication of this report is a requirement of the Public Sector Internal Audit Standards. This report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

The satisfactory and quality questionnaires sent out to the auditee's following an audit taking place came back with very good results which is a great reflection of the team and the work they conduct.

**Resolved – That the report was noted for informational purposes.**

## **50 Audit Plan 2023/24 - Progress Report**

Mark Beard, Head of Audit & Investigations informed Members of the Audit reports issued during the period February 2023 – May 2023 and discussed the key issues.

The position of audit plans completed by the end of March 2023 was 90.01% for 2022/23 with a target of 98%. Key factors contributing to the shortfall were additional bank holidays, sickness and bereavement leave.

The Head of Audit & Investigations talked through Appendix 1.

Below is a summary of audits carried out between February – May 2023:

- Internet/Email – Substantial assurance
- Officers Imprests – Comprehensive assurance
- Construction (Design & Management) – Substantial assurance
- Lyndon Park Development – Comprehensive assurance
- Commercial Rents & Leases – Comprehensive assurance
- Bank Reconciliation – Substantial assurance
- Energy Bills Rebate Scheme – Comprehensive assurance
- Asset Management – Substantial assurance

Mr Beard clarified some points around cheques that are still processed, there are very few residents who receive cheques, businesses that are paid via cheque is usually under an exceptional circumstances. Over the past 12 months cheques have decreased dramatically. Hyndburn Borough Council offer many ways of electronic payment however if a cheque is the chosen preferred method of a customer we will issue one to process the payment.

There is a rigorous control method in place for processing cheques and taken very seriously when issuing.

**Resolved – That the report was noted for informational purposes.**

## **51 Follow-Ups Report**

The Committee considered a report from the Head of Audit & Investigations, which informed Members of the outcome of routine follow-ups, following the previously agreed action plans for completed Audit Reports.

This report covers the period February 2023 – May 2023. The audit areas followed up and any key issues were detailed within an Appendix to the main report and included the following areas:

- Markets
- Mobile Telephony
- GDPR
- Transferred Assets

All actions have been implemented and there are no issues.

**Resolved – That the report was noted for informational purposes.**

**52 Audit Committee Training**

Mark Beard, Head of Audit & Investigations brought the report to the Committee to continue discussions on the Members training needs for 2023/24.

At the previous meeting on 6<sup>th</sup> March 2023, it was agreed that the training for the Chair and Vice-Chair would be mandatory.

Cllr Peter Edwards has booked on the CIPFA Training this year - Introduction to the Knowledge and Skills of the Audit Committee.

The Committee had a discussion around previous training that had been carried out and the examples of that training. They also discussed when would be the best time to conduct the training, before Audit Committee or before Council meeting so the majority of Councillors attend.

**Resolved – That the Audit Committee agreed for officers to take forward planning the training schedule, dates and invite all Members.**

- That any bulletins from the LGA or External Audit deemed useful to Audit Committee to be circulated as and when.

**53 External Audit update**

Daniel Watson, Director at Mazars attended the Committee to give a verbal update on behalf of External Audit.

The 2020/21 Accounts are set to be ready for sign off before the September 2023 Committee, apologies were given on the delay.

Regarding the 2021/22 Accounts, the financial statements have been published in draft, there has been some national issues and the Council's pension liability figures are now out of date and the more relevant information will need to be added into the accounts by the finance team.

Councillor Aziz raised his concerns on the delay of the accounts and felt concerned that the 2022/23 draft accounts will be due soon also.

Daniel Watson gave some background on the delays and reassured Members there was nothing significant other than government legislation changes, and adopting new external audit policies after appointing Mazars as the Council's external auditors. This has then impacted on 2021/22 accounts.

Martin Dyson, Executive Director – Resources also added there has been staff changes within the Council, worked well with Mazars and welcomed the fresh set of eyes on their work. The Finance team have reassessed working procedures, made use of toolkits available and have followed CIPFA guidance.

The 2020/21 accounts just have the value for money comments outstanding, once completed they will be sent to Members via email to sign off, no additional Audit Committee is required as they were presented at the November 2022 Committee.

The External Audit field work will start in September for the 2021/22 accounts.

**Resolved – That the Audit Committee has a regular item on the agenda to cover internal reports and action plans.**

- **That the Audit Committee receive a report from Mazars' External auditors with recommendations to take forward.**

#### **54 Change of Meeting Date**

It was proposed to move the next meeting date to Monday 18<sup>th</sup> September 2023.

**Resolved – The Committee agreed and approved the date change.**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed