
AUDIT COMMITTEE

Monday, 18th September, 2023

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

Apologies Councillor Susan Hayes

146 Apologies for Absence, Declarations of Interest, Dispensations and Substitutions

Apologies for absence were submitted for Councillor Susan Hayes.

Councillor Peter Edwards substituted as Chair for Councillor Susan Hayes.

Councillor Carole Haythornthwaite substituted.

There were no Declarations of Interest or Dispensations notified.

147 Minutes of the Last Meeting

The minutes of the last meeting of the Audit Committee held on the 6th March 2023 and 26th June 2023 were submitted for approval as a correct record.

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

148 Audit Reports & Key Issues - Progress Report for June 2023 - August 2023

Mark Beard, Head of Audit & Investigations reported to Members the Audit Reports that had been issued during the period June 2023 – August 2023 and what the key issues were.

Audits carried out were as follows, further information was set out in the report.

- Empty Properties – Substantial assurance
- Sports Pitches – Substantial assurance
- General Ledger – Comprehensive assurance
- Cemeteries and Crematorium – Comprehensive assurance
- Data Security and Storage – Substantial assurance
- Smart Working Strategy – Substantial assurance

Councillors discussed empty properties and how the Council are now looking at a better way of conducting this process for empty shops and houses in the borough.

The cemetery is now running a service at weekends for burials and this is going well.

Resolved – The report was noted for informational purposes.

149 Audit Follow Up Report - June 2023 - August 2023

Mark Beard, Head of Audit & Investigation reported to Members the outcome of the routine follow-ups following the previously agreed action plans for completed audits. The follow-ups are from June 2023 – August 2023.

The follow-ups were as follows:

- Internet & Email – all 4 actions implemented.
- Bank Reconciliation – all 3 actions implemented.

Officers clarified due to staffing issues and vacant posts the bank reconciliations were backdated to the beginning of the year, working to be up to date as soon as possible. The risks have been identified to stop this happening in the future.

Resolved – The report was noted for informational purposes.

150 Annual Audit Report/Letter - 2020/21

Daniel Watson, External Audit presented Members with the Annual Report year ended 31st March 2021.

The report sits alongside the Draft Statement of Accounts. Daniel discussed the scope of the audit and the results of that audit, aspects of the Council's accounting practices and internal control recommendations.

The Value for Money arrangements had identified significant weaknesses and recommendation for improvement were given.

Members discussed the Value for Money statement, how the Council had addressed those issues and how the committee can support and improve this.

Daniel responded the best practice for committee would be to follow the CIPFA guidance, continue to carry out the self-assessments and discuss any issues with officers.

Resolved – The report was noted for informational purposes.

151 Internal Action Plan

Martin Dyson, Executive Director of Resources informed the committee on the management actions required following the external audit work on the Annual Statement of Accounts 2020/21 and the Councils Value for Money Arrangements for 2020/21.

At the last committee, there was a recommendation to update Members on what action have been taken to address the actions required from external audit and update on the Council's status on subsequent years accounts production and the national position of external audit backlogs.

This item will be a regular update at all future meetings.

There were 8 audit recommendations identified in relation to deficiencies in the level of internal control throughout 2020/21 audit processes. Full details were attached within the report as appendix A.

Management have gone through the actions and implemented new processes, training, areas of improvement, checking of journals and staffing vacancies filled.

The Value for Money review showed significant weaknesses in the governance reporting; around financial reporting, the management actions were detailed in appendix B.

Martin Dyson confirmed the new system would ensure secondary approval/checks are made which will ensure internal controls are always met.

The national backlog was discussed on the sign off of Local Authorities accounts, there are over 500 sets of accounts still unaudited relating to the year 2020/21 and earlier, and over 215 sets relating to 2021/22.

Councillors were happy to see the significant progress made and felt comforted that accounts will be available on time in the future.

Resolved – The following was noted within the report;

- 1. The Auditors recommendations on the Statement of accounts 2021/2022 with management actions listed in appendix A.**
- 2. The Auditors recommendations on the Value for Money arrangements with the management actions listed in appendix B.**
- 3. The updates provided on the 2021/2022 and 2022/2023 Statement of Accounts and External Audits.**
- 4. The update on the national position of the External Audits and the work being undertaken by the relevant bodies to find a solution(s) to the backlog.**

152 Draft Statement of Accounts 2021/22

Martin Dyson, Executive Director of Resources, informed the Committee on the production of the Annual Accounts and their External Audit and how the issues have been dealt with arising from that work.

The un-audited accounts for 2021/22 are available on the Council’s website, External Audit are unable to start the audit on these until January 2024 due to staffing issues.

Executive Director, Resources informed the Committee that the Council’s balance sheet is in a strong position; there is sufficient net current assets to meet day to day needs and a healthy balance of cash and liquid assets.

He went through the key service achievements detailed within the report including Hyndburn Leisure Centre, Scaitcliffe House and the Crematorium.

The underspend was £772K for 2021/22, Capital investment spend was £4.833M on key projects within the borough with over 75% funded through external grants.

He thanked everyone involved in the production of accounts and who have contributed to the good performance.

Councillors requested to know if both sets of accounts could be audited at the same time to clear the backlog. Officers confirmed that they want to move forward as soon as possible; however, the national issue and audit shortage is the controller at present and therefore not possible.

Councillor Aziz recommended to draft a letter to central government regarding the audit backlogs and to take as a motion to the next full Council meeting on the 2nd November. The Committee agreed.

The next training session is on the 2nd November at 5.30pm on The Financial Statements and The Annual Governance Statement.

Resolved – That the draft Statement of Accounts 2021/22 is noted.

And;

- **That the failure to submit the draft Statement of Accounts by the statutory deadline is also noted.**

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed