
AUDIT COMMITTEE

Monday, 28th November, 2022

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

Apologies Councillor June Harrison

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

Apologies for absence were submitted from Councillor June Harrison.

There were no Declarations of Interest, Dispensations or Substitutions notified.

78 Minutes of the Last Meeting

The minutes of the last meeting of the Audit Committee held on the 18th July 2022 were submitted for approval as a correct record.

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

NB. Councillor Aziz noted that a cross party motion to the Government to indicate that the external audit situation was not acceptable is still to be completed.

79 Risk Management Monitoring Report

Stuart Sambrook, Policy Manager introduced the report to inform Audit Committee of the outcome of the review of the Strategic, Generic and Operational Risk Registers.

There has been one major change to the Strategic Risk Register as below:

Area	Change	Risk Rating With Controls
NEW RISK		
Financial (Page 4)	Risk Financial Overreach :--The Council is embarking on a range of major investments supported by significant amounts of External Funding. Overspends or failure to deliver on these Projects could lead to significant additional costs falling on the Council, in terms of extra borrowing costs stemming from meeting additional project costs or the repayment of external funds. (URN:2037) Risk Owner Deputy Chief Executive	Medium

Stuart Sambrook discussed the control measures in place to manage the risk.

The Committee had a discussion around the risks of the funding causing financial difficulties and what affects that could have on the Council.

There had been no major changes to the Generic Risk Register but 4 minor changes to the risks detailed below:

- Failure to ensure that personal data is kept securely in accordance with Data Protection Act, GDPR and Freedom of Information Act 2000. – LOW PRIORITY
- Failure to comply with CDM Regulations. – MEDIUM PRIORITY

There has been one major change to the Operational Risk Register as below:

Area	Change	Risk Rating With Controls
NEW RISK		
Reputational (Page 5)	<u>Risk</u> Failure to meet statutory timescales for delivery of planning decisions (URN:2038) <u>Risk Owner</u> Head of Planning & Transportation	Medium

There have been a number of minor changes that have been made to the Operational Risk Register and they are available in Appendix 3 of the report.

The Committee were happy with the overall report.

Councillor Noordad Aziz requested further information regarding the operational risk no 36 – Market Hall loss of income due to low take up of market hall stalls. He requested further information on how the risk has been reviewed.

The Chair requested further information on the risk rating high regarding the strategic risk no 87 – The acquisition of key town centre buildings and delivery of a £22 million regeneration project within Accrington Town Centre.

**Resolved – (1) That the report be noted by the Audit Committee.
(2) The Policy manager to update back to Committee on the requests above.**

80 Internal Audit Plan 2022/23 Progress Report

Mark Beard, Head of Audit & Investigations, presented a routine report to inform Members of the Audit Reports issued during the period July 2022 – October 2022 and to bring to the attention of the Committee what the key issues were.

The report included a list of the audit areas and any key issues, a summary of which is provided below:

- **Civil Contingencies – Substantial assurance**
 - The audit found, as a result of test calls carried out both during and outside normal working hours that the process was not followed correctly and none of the 3 nominated Emergency Planning Officers was alerted to the test incident.
 - The audit agreed with the Emergency Planning Officer that the process would be reviewed and consideration would be given to have a rota in place for Emergency Planning Officers both inside and outside of working hours. There are 3 Officers on the list so consideration needs to be made to increase the number of Officers on the list to cover leave and sickness. It was agreed that Switchboard staff need to be briefed on current processes for when a civil contingency related call is received during working hours.
- **Engineers – Comprehensive assurance**
 - No issues arising.
- **Disabled Facilities Grants (Better Care Fund) – Substantial assurance**
 - The audit found that an agreement in place between Hyndburn Borough Council and an external organisation requires renewing as reduced fees had been negotiated due to budget pressures but the new lower fees were not reflected in the agreement between the Council and the external organisation.
 - Management agreed a new agreement would be put in place to reflect the changes.
- **Council Tax Write offs – Comprehensive assurance**
 - No issues arising.
- **Mobile Telephony – Substantial assurance**
 - The audit could not ascertain from the sample of mobile phone users chosen that all were aware of the Communications Policy. It was agreed with

Management that all employees issued with a Council mobile phone are aware of the Communications Policy.

- **Markets – Substantial assurance**

- Management agreed that consideration would be given to the installation of a networked device in the Porters Office to enable them to access training, internal communications, email etc. as they currently use an Officer's PC and that Officer's log-in, which breaches internal policies.

- **Waste Collection and Recycling – Comprehensive assurance**

- No issues arising.

The Chair was very pleased with the projected out-turn of 88.37% completed audits for 2022/23.

Resolved – That the report be noted by the Audit Committee.

81 Audit Committee Self-Assessment 2022

Mark Beard, Head of Audit & Investigations presented the report to inform members of the results of the self - assessment process that members of the committee have carried out and for the Audit Committee to determine what the next steps, if any, should be.

The report refers to and has been based upon the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition" however the Head of Audit & Investigations informed the Committee a more recent version had recently been published for 2022.

The assessment was carried out by all 6 members of the Audit Committee and the results have been amalgamated thus anonymising who said what.

The Head of Audit & Investigations talked through the questions and the responses, clarifying points for members and comments for the Committee to consider.

The group had a discussion following a section of question 12 – *Consideration has been given to at least one independent member to sit on Audit Committee*. This is currently not mandatory although it may become mandatory and the Council will address this at this point.

The Chair confirmed he had attended the CIPFA Training for Audit Committee.

The Committee all agreed it was a helpful exercise to have undertaken and agreed to reflect on the answers for a further discussion next year.

**Resolved – (1) That the report be noted by Audit Committee.
(2) That this item returns to Audit Committee in March 2023.**

82 External Review of Internal Audit

Mark Beard, Head of Audit & Investigations gave a brief verbal update to the committee on the recent External Review of Internal Audit.

This takes place every 5 years. Internal staff have been interviewed and there had been a self-assessment against the standards that includes 3 themes.

There will be a formal detailed report discussed at the next Committee in March 2023.

83 Statement of Accounts

Martin Dyson, The Head of Accountancy presented the report to inform the Audit Committee on the production of the Annual Accounts and their External Audit and to discuss any issues arising from the work.

The Financial position and performance measures were discussed along with the key capital projects undertaken, highlighting a revenue underspend in year and the delivery of key capital spend on housing and community projects.

It was explained that the statement of accounts has shown that the Council has a strong financial position which is due to the hard work undertaken across the Council during the year and thanks to all staff in the Council for their performance and contribution on this piece of work was noted to the Committee.

The draft accounts were completed and published on the Council's website in July 2020. Subsequently, Mazars, the external auditors, have undertaken their onsite audit of the accounts and work is close to completion.

Final Audit completion was delayed due to a government ruling on an accounting issue that could require some minor narrative change to the statement notes. It was requested that the final sign off be delegated to the Chair of the Audit Committee. Councillor Aziz proposed to wait until the accounts had been completed and set up a further Committee to sign these off in the future. The Committee then had a vote on this proposal but the majority voted against it.

**Resolved – (1) That the Audit findings report be noted by the Audit Committee.
(2) That the Audit Committee delegated approval to the Chair of the Audit Committee to sign the Council's Statement of Accounts for 2020/21 following completion of the external audit work.**

(3) That the Audit Committee delegated approval to the Chair of the Audit Committee to approve and sign the letter of representation.

84 External Audit Completion Report - Year Ended 31st March 2021

Daniel Watson, External Auditor of Mazars attended the meeting to present the Audit Completion Report for the year ended 31st March 2021. He discussed the key messages in the report to the Committee.

The Audit has been a true and fair view of the accounts, there were just a small number of audit areas outstanding but no significant impact to their audit opinion. In the significant findings section, 3 risks had been identified and discussed with the accounts team and a plan of action had been set.

The external auditors acknowledged difficulties within the year and asked for a thank you to be placed on record to Joe McIntyre, Deputy Chief Executive and his Finance Team.

The internal control findings and recommendations have been set and prioritised for the required actions to be completed.

The Committee were happy and agreed the summary of misstatements within the report.

The work is ongoing for the Councils arrangements for the year ended 31st March 2021, it was noted that there are some weaknesses in the financial reporting process that the Council will address and put in place for future financial reporting.

Resolved – That the report be noted by the Audit Committee.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed