
AUDIT COMMITTEE

Monday, 24th June, 2024

Present: Councillor Bernard Dawson MBE (in the Chair), Councillors
Ethan Rawcliffe (Vice Chair), Vanessa Alexander, Peter Edwards and
Danny Cassidy

Apologies Councillor Kath Pratt

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

Apologies were noted for Councillor Kath Pratt.

Councillor Danny Cassidy substituted for Councillor Kath Pratt.

Councillor Vanessa Alexander declared an interest as a previous employee of Hyndburn Borough Council and worked as Principal Accountant up until the 2023 accounts.

36 Minutes of the Last Meeting

The Minutes from the 25th March 2024 were not submitted and will be carried over to the next meeting.

37 Risk Management Monitoring Report

Mr Stuart Sambrook, Policy Manager presented the reported to the Committee.

He informed the Committee of the outcome of the Strategic, Generic and Operational Risk Registers review.

The Risk Management process was discussed to the new Audit Committee Members.

The Corporate Risk Register outlines the key strategic risks facing the Council and the controls currently in place to respond to these risks.

There is 17 Generic risks, 67 Operational risks and 20 Strategic risks.

There has been 2 major changes and 1 minor change to the Strategic Risk Register since November 2023.

New Red Flag Risk – Huncoat Garden Village (Financial/Reputation)

New Risk – Whinney Hill tip (Financial)

New Risk – Corporate Strategy (Reputation)

Further information is all outlined in appendix 1.

There had been 1 minor change in the Generic Risk Register outlined in appendix 2.

There had been 2 major changes in the Operational Risk Register and 21 minor changes outlined in appendix 3.

Councillor Alexander queried the Huncoat Garden Village risk and the details around the financial impact and legal implications. Mr Sambrook responded that the risk owner completed this on due diligence terms and an update will be brought back on the next Risk report.

Action – Risk Management training slides to be sent out to the Committee.

Resolved – That the Audit Committee noted the contents of the report and the changes made to the Risk Registers.

38 Annual Internal Audit Report and Audit Opinion 2023/24

Ms Angela Kelly presented the report to Committee to inform and update on the Annual Internal Audit Report and Audit Opinion for 2023/24. Details on the performance were given on the Internal Audit Team and final outturn position for 2023/24.

Ms Kelly referred to appendix 1 of the report and discussed the key issues as follows:

- A positive opinion was issued on the systems of Internal Control based on the work carried out in 2023/24 as detailed below. The opinion score slightly decreased from 1.39 in 2022/23 to 1.68 in 2023/24. The number of recommendations increased from 14 in 2022/23 to 28 in 2023/24.
- Internal Audit did not identify any issues in 2023/24 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 91.85% in 2023/24. This was 6.15% below the annual target of 98%.
- Production and publication of this report is a requirement of the Public Sector Internal Audit Standards. The report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

Each Audit Report is given an audit assurance opinion based on the issues identified and reported by Internal Audit.

Comprehensive Assurance – 8 issued

Substantial Assurance – 13 issued

Limited Assurance – 1 issued

No Assurance – 0 issued

There is a requirement around strengthening the income and overall monitoring of s106 agreements therefore this was given limited assurance.

The satisfaction and quality questionnaire completed by the auditee's stated that there is an overall strong positive perception of the Team and its work based on the responses – 95% at strong agree category.

Internal Audit performance measures were discussed and 95.45% achieved for 2023/24.

Councillor Alexander thanked the team for all their hard work.

Resolved – That the Audit Committee noted the report for information.

39 Audit Plan Progress Report

Ms Angela Kelly presented the report to inform Members of the Audit reports issued during the period April 2024 – May 2024 and to bring to the key issues to their attention.

There were no issues arising from the following 3 Audits that have been completed;

- Housing Benefit & Council Tax Reduction Scheme
- Capital Programme
- Council Tax

Resolved – That the Audit Committee noted the report for information.

40 Follow Ups Progress Report

Ms Angela Kelly informed Members of the outcome of the routine follow-ups following the previously agreed action plans for the completed Audit reports. The follow-ups detailed within the report had been carried out during April 2024 to June 2024.

The first report covered Empty Properties; all 3 agreed actions had been implemented and covered within appendix 1.

The second report covered Contracts and Health & Safety, the 2 agreed actions had been implemented and covered within appendix 1.

Resolved – That the Audit Committee noted the report for information.

41 Public Sector Internal Audit Standards - Quality Assurance and Improvement Programme

Ms Angela Kelly informed Members of the current position with the Quality Assurance and Improvement Programme (QAIP) which sets out how we manage any of the Public Sector Internal Audit Standards (PSIAS) that are not compliant, thus ensuring conformance with the PSIAS overall.

Ms Kelly talked through appendix 1 of the report and the elements of standards that are compliant or still open for further work to be carried out.

Resolved – That the Audit Committee noted the report for information.

42 Process for Appointing Independent Persons to Audit Committee

Ms Angela Kelly discussed the report following the agreement at the Council meeting held on the 23rd May 2024 that the Audit Committee would receive a report to determine the appointment of 2 independent persons that would then be co-opted members of Audit Committee.

The Audit Committee were asked to determine the methodology and process that would be used, prior to the decision being taken by Council at a future meeting.

Martin Dyson, Executive Director, highlighted it would be good practice to have non- voting Members here and having an advisory role.

The Committee had a discussion on how to take this forward.

**Resolved – 1. The committee agreed to recruit 2 independent persons to the Audit Committee subject to the decision being taken by Council.
2. Members to discuss the methodology at their next group meeting on how to take forward and to report back to Audit Committee.**

43 Progress Update on Annual Statement of Accounts

Martin Dyson, Executive Director (Resources), updated on the position of the Statement of Accounts.

The Government are due to announce that secondary legislation will be laid in Parliament to set a statutory backstop for the publication of audited accounts for all financial years up to and including 2022/23 in a bid to tackle the local government audit backlog.

The 2021/22 accounts is part way through an Audit, expected to finish July 24 but may slip further back.

The 2022/23 accounts have been published late due to issues in the 2021/22 Audit and staffing.

The 2023/24 accounts weren't published on the 31st May due to a new financial system being implemented however they would be published and on the website by the end of June. To note, only 1 Lancashire authority achieved the May deadline.

The Council's external auditors formerly known as Mazars have been rebranded as Forvis Mazars with effect from 1st June 2024. There will be no change to the services provided to the Council.

Daniel Watson of Forvis Mazars gave a verbal update on the backstop and completed work. They will continue to work on the new account years, Value for Money work still to be completed, hopefully by September.

Resolved – 1. That the Audit Committee notes the updates provided on the 2021/22, 2022/23 and 2023/24 Statement of Accounts and External Audits.

2. That the Audit Committee notes the update on the national position of the External Audit and the work being undertaken by the relevant bodies to find a solution(s) to the backlog.

3. That the Audit Committee notes the change of name of the Council's External Auditors.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed