
AUDIT COMMITTEE

Monday, 16th September, 2024

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

Apologies Councillor Ethan Rawcliffe and Heather Anderson

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

Apologies for absence were submitted for Councillor Ethan Rawcliffe.

Councillor Kimberley Whitehead substituted for Councillor Heather Anderson.

Councillor Vanessa Alexander declared an interest regarding agenda item 7 due to being a previous council employee at the time of the backlogged reports.

135 Minutes of the Last Meeting

The minutes of the 25th of March 2024 and 24th of June 2024 Audit Committee were submitted for approval as a correct record.

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

136 Internal Audit Plan Progress Report

Mr Mark Beard, Head of Audit & Investigations presented the report to the committee.

He informed Members of the Committee of the audit reports issued during the period June 2024 to August 2024 and what the key issues were.

Mr Beard updated the figures in the report as of the end of August 2024 which amended item 3.4 projected out-turn position for 2024/2025 to 85.64% rather than the reported 83.20%

Similarly an update was provided by Mr Beard on item 3.5 to inform of the % of the plan completed in August. This update was 7.96%.

The main issues arising from the audits carried out were outlined in the report as follows:

- Haworth Art Gallery – Comprehensive assurance
- Treasury Management – Substantial assurance
- National Non-Domestic Rates – Comprehensive assurance
- Central Vehicle Maintenance Unit (CVMU) – Comprehensive assurance.

Mr Beard flagged up the substantial assurance for Treasury Management was largely due to the recent increase of S114 notices being issued by other Local Authorities. He stated that this is unlikely to be the case but there is the possibility that funds loaned to other councils could possibly not be returned.

Mr Beard emphasised that the council has a diverse portfolio with a number of different investments so this is unlikely to cause any issues.

Resolved – That the report was noted for informational purposes

137 Follow-Ups Progress Report

Mr Mark Beard, Head of Audit & Investigations talked through the report to the committee members informing them of the outcome of routine follow-ups following the previously agreed action plans for completed audit reports. The follow-ups detailed within the report were carried out during the period June 2024 to August 2024.

The follow-ups were as follows:

- Health & Safety
- Constitution & Regulations
- HMRC Payroll Processes
- Flexi Scheme

Resolved – That the report was noted for informational purposes.

138 Appointment of Independent Members to Audit Committee

As agreed in the previous Audit Committee meeting on the 24th of June the Members of the Committee agreed with the recommendation of appointing 2 independent persons to the Audit Committee subject to the decision being taken by Full Council.

The Committee then deferred the second recommendation relating to the methodology to this following Committee meeting.

Mr Mark Beard, Head of Audit & Investigations informed members of the previous reports submitted in past Committee meetings and highlighted the 3 Appendix attached to the agenda report as examples of best practice.

He reminded members that in England there is no statutory obligation to appoint independent persons to the Committee but there are increasing discussions to make this so. There are many Local Authorities within and outside of Lancashire that have done so already. Similarly the code of practice recommends this appointment and Mr Mark Beard suggests following the recommendations published by CIPFA.

Mr Beard also highlighted the importance of having a strong methodology to ensure that the right calibre of person is appointed.

In the Leaders Policy Board meeting on the 29th of July 2024 it was highlighted that Mr Mark Beard, Head of Audit & Investigations and Mr Martin Dyson, Executive Director of Resources should not be a part of the appointment process.

Mr Beard finished by emphasising that the final decision on agreeing the methodology will be taken by Full Council.

Councillor Vanessa Alexander highlighted that whoever is involved in the appointment process should be seen to be independent themselves and not a figure likely to be well known to applicants.

The Chair, Councillor Bernard Dawson clarified that the only financial consideration for appointing an independent persons to the committee would be claiming expenses.

Mr Mark Beard confirmed that the role is unpaid.

Resolved – The suggested methodology was agreed for the appointment of 2 independent persons. This was agreed with the caveat of the appointment process being made by a person who is deemed to be independent themselves.

The agreed methodology will be shared with Full Council to support this decision.

139 Statement of Accounts 23/24

Miss Jody Spencer-Anforth, Head of Finance presented the unaudited Statement of Accounts for 2023/2024.

The draft statement of accounts was published on the 31st of May 2024. On the 28th of June the accounts were published for inspection on the council website and returned on the 9th of August with no comments.

These accounts have yet to be audited. Miss Spencer-Anforth discussed the accounts and members confirmed they were satisfied with the findings.

Resolved – That the report be noted for informational purposes.

140 Audit Backlog

Miss Jody Spencer-Anforth, Head of Finance presented the update to the Committee on the external audit progress, the national position regarding the backlog of external audit work, the backstop solution proposed by central government and the implications of this for Hyndburn Borough Council.

Miss Spencer-Anforth informed that the backlog for Hyndburn consists of the 2021/2022, 2022/2023 and 2023/2024 accounts.

Miss Spencer-Anforth informed of the backstop dates proposed for financial years up to and including 2022/2023, following through to the 2027/2028 financial year and the completed Resilience Health Check for Hyndburn which concluded that the balance sheets health has improved in 2023/2024.

Councillor Vanessa Alexander asked if this backlog is a national issue or a specific external auditor issue.

Miss Spencer-Anforth informed that Hyndburn had been particularly impacted by the delays in producing old accounts subject to staffing changes and the new financial system compounding the delay but that the delays are seen across the country. Miss Spencer-Anforth confirmed it may take a few years to get a clear audit report due to working with unaudited figures.

Resolved - That the report be noted for informational purposes.

141 External Audit

Mr Daniel Watson, External Audit presented the expected arrangements for concluding the outstanding audits.

Mr Watson informed members that the National Audit Office issued guidance for meeting the backstop of the 13th of December 2024 for the 2022/2023 accounts audit and the 28th of February 2025 for the 2023/2024 accounts.

Mr Watson also highlighted the good working dialogue between Hyndburn Borough Council and Forvis Mazars and his confidence in meeting the deadlines.

Resolved - That the report be noted for informational purposes.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed