

## Minutes of Accounts & Audit Committee

Meeting Date: Wednesday, 25 November 2020, starting at 6.30pm  
Present: Councillor R Bennett (Chair)

Councillors:

D Birtwhistle	J Hill
I Brown (6.40pm)	A Humphreys
B Buller	D Peat
L Edge	R Sherras
S Fletcher	

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Julie Masci and Sophia Iqbal (Grant Thornton).

Also in attendance: Councillor T Austin.

### 828 APOLOGIES

Apologies were submitted from Councillor R Newmark.

### 829 MINUTES

The minutes of the meeting held on 12 February 2020 were approved as a correct record and signed by the Chairman.

### 830 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of pecuniary and non-pecuniary interest.

### 831 PUBLIC PARTICIPATION

There was no public participation.

### 832 LOCAL CODE OF CORPORATE GOVERNANCE

The Director of Resources asked Committee to consider the revised Local Code of Corporate Governance. The Code is a public statement that sets out the way the Council will meet its commitments to demonstrate that it has necessary corporate governance arrangements in place to perform effectively.

The Local Code of Corporate Governance is reviewed and approved annually by this Committee and is the Council's forward-looking statement of how the governance culture of the organisation will be driven. Within the framework there are seven core principles that look to steer the application of good governance in everything that Members and staff undertake by highlighting how their work on behalf of the Council will be approached.

There were no further changes proposed to the Local Code of Corporate Governance that was currently in place at this time. With regard to embedding

good governance within the organisation, subject to restrictions around Covid-19, wider training would be undertaken in order to raise awareness levels with both staff and Members, covering the seven principles and the manner in which work should be approached as detailed in the Code.

RESOLVED: That Committee approve the Local Code of Corporate Governance as outlined in the report.

#### 833 ANNUAL GOVERNANCE STATEMENT FOR 2019/20

The Director of Resources sought Committee's approval of the Annual Governance Statement 2019/20. All Councils are required to prepare an Annual Governance Statement each year in accordance with the "Delivering Good Governance in Local Government Framework" and to publish the extent to which they comply with their own Local Code of Corporate Governance. This includes how we have monitored the effectiveness of our governance arrangements in the previous financial year and detailed any planned changes in the coming period.

A detailed exercise had been undertaken in the annual review of the Council's governance arrangements which reflects on the Council's Code of Corporate Governance and how it actually performed. In reviewing how the Council and its staff and Members have acted over the period of review, evidence was also gathered to support the conclusion reached.

There were a number of issues raised in the 2018/19 and 2019/20 Annual Governance Reviews and progress with these was detailed in the report with regard to:

Peer Challenge review;  
Refuse vehicle maintenance costs;  
Communications Strategy; and  
Members Code of Conduct – Complaints Process

The Annual Governance Statement had been reviewed and progress in addressing the issues raised would be monitored during the year and also reviewed at the time of next year's Annual Review. The Annual Governance Statement would be published alongside the Council's Statement of Accounts and was currently on the Council's website in draft form which would be updated once approved.

Clarification of some wording in the document was requested.

RESOLVED: That Committee approve the Annual Governance Statement 2019/20 as outlined in the report.

#### 834 AUDIT FINDINGS REPORT

Julie Masci submitted a report on behalf of Grant Thornton which outlined the audit findings and key matters arising from the audit of the Council's financial statements for the year ending 31 March 2020. A specific section was included on the Covid-19 Coronavirus pandemic.

She informed Committee that Grant Thornton anticipated providing an unqualified opinion on the financial statements subject to several outstanding queries being resolved and that there were no significant issues to be brought to Committee's attention.

The key message arising from the audit of the Council's financial statements was that there were appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

She reported that as auditors, they were required to obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern. With regard to this she reported that there was no anticipated impact on their audit opinion and their proposed opinion would remain unmodified in respect of going concern.

The report outlined significant audit risks both specific and non-specific to Ribble Valley as well as providing details of misclassification and disclosure changes identified during the audit and that had been amended in the final set of financial statements.

The report also highlighted other matters for communication that had not raised any issues of concern other than some delays in providing audit evidence which was mainly due to Covid-19 and the remote working environment as Grant Thornton had not been allowed to work from client premises.

With regard to the value for money conclusion based on the work performed to address the significant risks including Covid-19, Grant Thornton concluded that the Council had appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

Julie asked to put on record her thanks to the Head of Financial Services and his team for their work.

RESOLVED: The Chairman thanked Grant Thornton for this report.

#### 835 LETTER OF REPRESENTATION

The Director of Resources submitted a report which included the Letter of Representation that Grant Thornton had required to be signed before they could sign off the accounts. The letter set out assurances from the Council to Grant Thornton that relevant accounting standards had been complied with and gave further assurances that the Council had disclosed information where to withhold it would undermine the accuracy and reliability of the Statement of Accounts.

RESOLVED: That Committee approve the Director of Resources signing the Letter of Representation for 2019/20 on behalf of the Council as circulated at the meeting.

#### 836 APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2019/20

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts for 2019/20 following completion of the audit.

The Head of Financial Services reminded Committee of Members' roles in approval of the Statement of Accounts following the conclusion of the audit that was to demonstrate their ownership of the statements, their confidence in the Director of Resources and the process by which accounting records are maintained and the statements prepared. He informed Committee that as a result of the Covid-19 pandemic the deadlines for publishing both the draft accounts and the audited accounts had been extended.

Covid-19 had impacted on the preparation of the Statement of Accounts, however the financial impact would likely be primarily in 2020/21 and perhaps 2021/22. To date in 2020/21 it had impacted around substantial falls in income, particularly during periods of lockdown, and also beyond as restrictions on services limited the numbers of users to the services. These included Ribblesdale Pool, Edisford 3G facility, trade waste services and car parking. It was inevitable that the pandemic would also impact on the achievement of the forward capital programme, the level of business rates attained and council tax received. It had also afforded the council an opportunity to review various areas of working practices and remote working.

The Head of Financial Services went on to outline the general fund outturn position for 2019/20, along with the general fund balances, earmarked reserves, business rates, collection fund and balance sheet.

The final outturn of a deficit of £96,465 means that we had taken £60,000 less from general fund balances than was estimated when the revised estimates were prepared. This left general fund balances at £2,375,646 carried forward as at 31 March 2020. The final position showed that the Council had added £2,803,867 to earmarked reserves for revenue purposes. For capital purposes £2,310,163 from earmarked reserves had been used to fund the capital programme; that meant the overall net movement was £493,704 added to earmarked reserves.

He reminded Members that during the year the Council had spent £2,781,747 on capital schemes and highlighted the main areas of expenditure. He also brought attention to those schemes that were still underway and would be carried forward into the new financial year as slippage. This accounted for £774,410.

He informed Committee that the Government had reduced the planned spending review to a one-year spending review for 2021/22 due to the uncertainty around how local government would be funded in the medium to longer term. The spending review would be announced on 25 November 2020.

The Chairman thanked the Head of Financial Services and his staff for all their hard work in achieving the closedown of the accounts.

RESOLVED: That Committee approve the audited Statement of Accounts for 2019/20.

#### 837 REVIEW OF THE COUNCIL'S STANDARDS ARRANGEMENTS

The Head of Legal and Democratic Services submitted a report reviewing the Council's standards arrangements in the light of the recommendations of the Accounts & Audit working group and the recommendations of best practice from the Committee of Standards in Public Life. The report also included a copy of the

draft model code of conduct developed by the LGA which addressed the issues raised by both the working group and the best practice.

In view of the imminent publication of the LGA Model Code of Conduct and the fact that it reflects the recommendations of the working group, she suggested that the Council await its publication and that it be submitted to the next meeting of this committee for consideration and adoption.

The Committee of Standards in Public Life (CoSPL) had recommended that Councils review their codes of member conduct each year and as such the Head of Legal and Democratic Services suggested that this should be done at the last meeting of Accounts and Audit Committee in each municipal year.

With regard to Independent Persons, the CoSPL had recommended that Councils should have at least two, with the working group having recommended having three. The Head of Legal and Democratic Services informed Committee of the current serving Independent Person, Mr Dearing had confirmed he was willing to continue in post and it was therefore suggested that his appointment be continued and that the Council should advertise for two additional Independent Persons in accordance with the provisions of Section 28 of the Localism Act 2011. Minor amendments to the Independent Person Protocol were proposed in line with the suggestions of the working group.

The working group had also made recommendations for amendments to the Model of Procedure for dealing with complaints under the Localism Act 2011 (Arrangements), so this has been reviewed and amended, and would also be in line with the Monitoring Officer's Handbook and additional recommendations made by the CoSPL. A protocol for the Investigating officer has also been added as an Annex to the arrangements.

Members asked for clarification on several points in the protocols and requested some amendments around making the 'Arrangements' more specific in relation to the Independent Person(s).

RESOLVED: That Committee

1. approve the proposal to review the Member Code of Conduct annually at the last meeting of the Accounts and Audit Committee in the municipal year;
2. approve the amendment to the Council's arrangements under the Localism Act 2011 so that the Council shall have three Independent Persons;
3. approve the continuation of the appointment of Mr I B Dearing as an Independent Person for a period of three years;
4. authorise the Head of Legal and Democratic Services to advertise and appoint an additional two Independent Persons in accordance with Section 28 of the Localism Act 2011;
5. approve the amendments to the Independent Persons Protocol as shown in Appendix 4 to the report; and

6. approve the amendments made to the Council's arrangements for dealing with standards complaints as shown in Appendix 5 to the report with the suggested minor amendments.

838

#### INTERNAL AUDIT ANNUAL REPORT 2019/20

The Director of Resources submitted a report for Committee's information outlining the internal audit annual report for 2019/2020. This included the various audits that had taken place which were based on the provision of 673 days of internal audit work. It was highlighted that the large variances between planned and actual days was due to the ongoing staffing vacancies within the internal audit section. Assurance levels on the Council's key financial systems were consistently good and in all the audit work undertaken during the year, no significant control weaknesses were identified.

It was also recognised that the Covid-19 pandemic had impacted on the control environment due to the need for changing working practices in some service areas and the new work and procedures around processing the support grants.

Internal audit had reviewed the effectiveness of the Council's systems of internal control for 2019/2020 having regard to appropriate assurances obtained from other internal sources. The opinion based on this work was that the Council's systems of internal control are generally sound and effective and a 'substantial' conclusion on the adequacy and effectiveness of the Council's internal control environment was given.

RESOLVED: That the report be noted.

839

#### INTERNAL AUDIT PROGRESS REPORT 2020/21

The Director of Resources submitted a report for Committee's information on the internal audit progress to date for 2020/21. The report highlighted the audit work carried out since the last report to Committee. There were no finalised reports but a number of audits were underway, and to date there were no immediate highlighted concerns regarding any failings of control within services.

Progress had been particularly hindered by the continued vacancy in the role of Principal Auditor, and also the Internal Audit Assistant being used to provide valuable help in processing the various Covid-19 related grants. It was recognised that progress on the internal audit plan was not as it should be at this stage in the year and additional resources were being sought to ensure a firm audit opinion to be reached at the end of the financial year, as well as allow continued assurances to management and to committee as 'those charged with governance'.

RESOLVED: That the report be noted.

840

#### INDEPENDENT REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT IN ENGLAND (REDMOND REVIEW)

The Director of Resources submitted a report for Committee's information on the outcome of the Independent Review of Local Authority Financial Reporting and External Audit in England, otherwise known as the Redmond Review.

The review had identified a number of key issues with local audit and as a result 23 recommendations had been made, some of which would require changes to primary legislation, however, many could be implemented without. These recommendations would now be considered by relevant bodies and a timescale drawn up. The report highlighted the key implications for the Council should the recommendations be implemented.

RESOLVED: That the report be noted.

#### 841 GRANT THORNTON EXTERNAL AUDIT PLAN

Julie Masci submitted a report on behalf of Grant Thornton that provided an overview of the planned scope and timing of the statutory audit of the Council for year ending March 2020.

The document was also an aid to understanding the consequence of their work, discussing issues of risk and the concept of materiality and identified any areas where the Council may choose to request to undertake additional procedures. The contents of the plan had been discussed with management. She highlighted the partnership approach to which the Council and Grant Thornton were committed to meet the demanding deadlines.

A question was asked with regard to the appointment of an Independent Person to the Accounts and Audit Committee as recommended in the Redmond Review, however it was suggested that the Council should wait to see if the Redmond Review was accepted before any action was taken.

RESOLVED: That the report be noted.

#### 842 HOUSING BENEFIT ASSURANCE PROCESS – INCREASED FEES

The Director of Resources submitted a report informing Members of an increase to the previously agreed fee for the housing benefit assurance process. For 2019/20 Committee were informed at their July meeting that a fee had been agreed with Grant Thornton of £5,145 plus a day rate of £860 for any additional work required. Since that meeting, Grant Thornton had informed the Council in May 2020 that the current fee levels were unsustainable and that they were therefore proposing to increase the fee to £16,000 and that any additional work resulting from errors found would be charged on top.

Committee questioned the large increase in fees and asked for an explanation from Grant Thornton, who explained that the methodology for auditing the Housing Benefit claims was prescribed by DWP and that following a costing exercise they had taken a commercial decision that the fees needed to be increased to cover the costs of carrying out the work.

RESOLVED: That a letter be written to the DWP regarding the methodology and the extra expense incurred to the Council.

843 LOCAL GOVERNMENT AUDIT AND FINANCIAL REPORTING – THE REDMOND REVIEW

Grant Thornton submitted a report for Committee's information on the outcomes of the Redmond Review outlining the recommendations that had been made and their view that it provided a clear road map to securing appropriate scrutiny and a sustainable future for local government audit.

RESOLVED: That the report be noted

The meeting closed at 7.45pm.

If you have any queries on these minutes please contact Jane Pearson (425111).