

AUDIT & GOVERNANCE COMMITTEE

Tuesday, 6 August 2019

PRESENT – Councillors McGurk (Chair), Rawat, Slater N, and Whittle.

OFFICERS – Louise Mattinson, Colin Ferguson, Simon Ross, Julie Jewson and Phil Llewellyn (Blackburn with Darwen BC), John Farrar (Grant Thornton).

ALSO IN ATTENDANCE – Councillor Andy Kay.

RESOLUTIONS

14 **Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Councillors Davies and Fazal.

15 **Minutes of the last meeting**

RESOLVED – That the Minutes of the meeting held on 25th June 2019 be confirmed as a correct record.

16 **Declarations of Interest**

Councillor Ron Whittle declared an interest (Member of Lancashire Pension Fund Committee).

17 **External Audit Findings Report 2018/19**

John Farrar, Engagement Lead, Grant Thornton, outlined the key Audit Findings for Blackburn with Darwen Borough Council for the Year ended 31st March 2019.

The majority of work was completed on site during June and July 2019. Recommendations for management were outlined in Appendix A of the report, with the follow up of recommendations from the prior year's audit detailed in Appendix B. Audit adjustments were detailed in Appendix C. In terms of financial statements, the anticipated audit opinion would be unmodified.

Following a risk based review of the Council's value for money arrangements, the audit concluded that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and it was therefore anticipated that an unqualified value for money conclusion would be issued, with work due to be completed to meet the deadline of 13th September 2019.

The significant finding, in terms of audit risks, related to the valuation of pension fund net liability, and reference was made to the recent McCloud Ruling. The valuation of the Authority's pension fund net liability had been identified as a significant risk.

The report also highlighted other significant findings relating to recharges in

the Comprehensive Income and Expenditure Statement, Journal Control issues and Revenue Testing issues.

Members and Officers made comments and observations of the findings of the audit and thanks were passed to internal audit and finance officers for their assistance during field work.

RESOLVED – That the report be noted.

18 **Statement of Accounts 2018/19**

A report was submitted, which outlined the issues arising from the external audit of the Council's 2018/19 Statement of Accounts, and requested Audit and Governance Committee approval of the audited accounts prior to their publication, as required by the Accounts and Audit Regulations 2015.

The Accounts and Audit Regulations 2015 required that the accounts should be considered and approved by members prior to publication by the 31st July following the year to which they related. This would enable the Audit and Governance Committee to review and approve the accounts, having considered the issues raised by the auditors in their Audit Findings Report.

The 2018/19 draft Statement of Accounts were certified by the Director of Finance and Customer Services on 31st May 2019, and subsequently published on the Council's website. The audit of those draft accounts commenced at the beginning of June 2019 and amendments had been made to the accounts in line with audit findings to date.

The external audit of the accounts was not concluded in time for the accounts to be published by 31 July, in the main due to the additional time required to collate further information regarding pensions, and the auditors requiring additional time to agree the Council's accounting treatment of its pension costs following the McCloud judgement. This was the case for numerous local authorities across the country.

In order to comply with the Accounts and Audit Regulations 2015, a notice had been published on the Council's website stating that the statement of accounts could not currently be published, and confirming that the accounts would be published as soon as reasonably practicable after the receipt of a report from the auditor which contains the auditor's final findings from their audit.

RESOLVED – That the Audit and Governance Committee:

1. Note the outcome of the audit of the Council's financial statements and the Value for Money conclusion as presented by Grant Thornton in their Audit Findings Report for 2018/19 (previous agenda item).
2. Approve the Statement of Accounts for 2018/19.
3. Approve the letter of representation from the Director of Finance & Customer Services to the external auditors for which a draft is provided at Appendix 1, with the final version to be made available at the meeting; and

4. That delegated authority be granted for the Chair to sign the Statement of Accounts 2018/19 in consultation with the Director of Finance and Customer Services.

Signed:

Date:

Chair of the meeting
at which the minutes were confirmed