

**AUDIT & GOVERNANCE COMMITTEE**  
**18<sup>th</sup> January 2022**

**PRESENT** – Councillors Ron Whittle (Chair), Jon Baldwin, Maureen Bateson, Zamir Khan, (for Mahfooz Hussain), Abdul Patel and Neil Slater

**OFFICERS** – Dean Langton (Director of Finance), Colin Ferguson (Head of Service Audit and Assurance), Paul Conlon (Democratic Services),

The Councils Auditors- John Farrar (Grant Thornton)

**RESOLUTIONS**

**1. Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Cllrs Mahfooz Hussain and Vicky McGurk who joined the meeting virtually.

**2. Declarations of interest**

No Declarations of interest were made by members of the Committee. The auditors left the meeting during consideration of the Arrangements for the Appointment of the External Auditor.

**3. Minutes of the meeting held on 26<sup>th</sup> October 2021**

The Minutes of the meeting held on 29<sup>th</sup> October were submitted.

**RESOLVED** – That the Minutes of the meeting held on 29<sup>th</sup> June 2021 were approved as a correct record and signed by the Chair.

**4. External Audit: Audit Findings Report 2020/21**

John Farrar, Engagement Lead, Grant Thornton, presented a report which outlined the key Audit Findings for Blackburn with Darwen Borough Council for the Year ended 31<sup>st</sup> March 2021.

The report notes that the audit work was on going at the time of reporting and a number of outstanding matters were noted for reference. These included:

- receipt of satisfactory supporting information and responses to queries relating to the revaluation of property, plant and equipment;
- completion of a small number of outstanding audit procedures;
- receipt of the management representation letter; and
- a review of the final set of financial statements.

Whilst one adjustment to the financial statements had been identified, along with a resultant prior period adjustment, affecting the balance sheet, there was no overall impact on the reported outturn position. Other issues noted in the report relate to changes in disclosures in the accounts and these were outlined in the report.

External Audit anticipated providing an unmodified audit opinion and, although they had not yet completed all of their value for money work, no significant weaknesses had been identified from the work completed so far.

The audit work to date had not identified any inconsistencies in the other information published with the audited financial statements, including the annual governance statement. There were also no matters to report on by exception and the External Auditors have not had to exercise any of their additional statutory duties or powers.

The one medium level recommendation made was agreed with Council management. This related to one member of staff's access rights to the Finance system that led to a lack of separation of duties between the posting and authorisation of journals. This had been addressed immediately.

Members and Officers made comments and observations of the audit findings and thanks were passed to auditors and finance officers for their assistance during field work. In response to a members question relating to Pensions liabilities the committee were informed that this was not part of the Council's accounts and the audit but was addressed by the pensions fund actuary.

**RESOLVED** – That the report be noted.

## **5. Statement of Accounts 2020/21**

The Committee considered a report that provided a summary of the key components of the Statement of Accounts for 2020/21 and the statutory framework for their approval by the Committee. The report referred to the adjustments made to the accounts as described in the Audit Findings Report presented by Grant Thornton. The accounts, amended for audit adjustments agreed to date, were included at Appendix B for approval. The report also included as an appendix the draft letter of representation, which is an agreed format, issued by the Council to the external auditor each year. The Committee was requested to approve the contents of the draft letter, although the final version will only be signed by the Director of Finance and the Chair of the Audit and Governance Committee when the audit work is fully concluded and the audit opinion is issued.

**RESOLVED** – That the 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 2020/21 (previous agenda item).
2. Approve the Statement of Accounts for 2020/21.
3. Approve the letter of representation from the Director of Finance to the external auditors for which a draft was provided, with the final version to be signed by the Director of Finance and Customer Service and the Chair of the Audit and Governance Committee at the date of issue of the audit opinion.

## **6. Treasury Management Report - September to November 2021**

The Director of Finance submitted a report providing a summary of the treasury management activity and performance in the period. The Council had approximately £53m invested at 30 November 2021 and short term loans of £25m. The activity was within the agreed Prudential and Treasury indicators set by the Council for the current year.

The draft Treasury Management Strategy for 2022/23 was included in the report and the full strategy report will be submitted for approval to Executive Board in March 2022. The content of the strategy remain similar to the previous year, approved by Executive Board on 11 March 2021.

**RESOLVED** – That the Committee noted the Treasury Management Report.

**7. Audit & Assurance - Progress & Outcomes September to November 2021**

The Head of Audit & Assurance reported on the achievements and progress made by Audit & Assurance in the period from 1<sup>st</sup> October 2021 to 30<sup>th</sup> November 2021.

The report provided a summary of the eleven red priority areas/issues identified from the half year Director Exception/Dashboard Report reporting and the movements in these since 31 March 2021 for consideration. The overall opinions for the four audits finalised since the last progress report were also summarised. No significant areas of concern were identified from the audit work in the period for the members' attention.

The outcome of the in-year review of the 2021/22 approved internal audit plan was also included which noted that there was an anticipated shortfall of 58 days against the 818 audit days in the plan approved in March 2020. This had arisen due to a vacancy in the audit team during the year, which had now been filled. The resources available would be focussed on the higher priority audits in order to be able to provide the annual audit opinion.

**RESOLVED** – That the report be noted

**8. Annual Governance Statement - Progress on 2020/21 Actions and Plan for 2021/22**

The Committee considered a report that provided details of the steps being taken address the three significant issues noted in the 2020/21 AGS. The report noted that whilst these are appropriate, and largely in accordance with the expected targets as at the end of November, there were still demand and budget pressures which were being monitored and managed by senior managers in the areas concerned. There were also a level of uncertainty with regards to the impact of the planned social care reforms and on-going impact of the pandemic on services.

**RESOLVED-**

That the progress on the Annual Governance Statement and progress be noted.

**9. Risk Management - 2020/21 Quarter 2 Review**

The Committee considered a report that provided a summary of the corporate risk register as at the end of September 2021. The report highlighted the top two risks that the Council had identified and was managing. There have not been any changes in any of the risk scores in the period.

The report also noted that a corporate Risk Management Policy Statement had been drafted and the existing Risk Management Strategy and Framework had been reviewed and updated. These documents were subject to review and approval by the Executive Member for Finance and Governance.

**RESOLVED –**

- That the report be noted
- That Corporate Risk relating to the delivery of the Councils Growth Agenda be reviewed at the next meeting

**10. Arrangements for the appointment of External Auditors**

(The Council's auditors left the meeting prior to consideration of this item)

The Committee considered a relating to the appointment of External Auditors. The Council was required to appoint its external auditor for the 2023/24 Statement of Accounts audit by December 2022 and full Council approval is required for this appointment.

**RESOLVED-**

That the Committee recommend to February's Finance Council to opt in to the sector-led option for the appointment to be able to participate in the arrangement that will be led by Public Sector Audit Appointments, as the opt-in period closes on 11 March.

signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed