

## AUDIT & GOVERNANCE COMMITTEE

Tuesday 29<sup>th</sup> November 2022

**PRESENT** – Dave Harling (in the Chair) Councillors Baldwin, Fielding, Sidat, Imtiaz and Neil Slater.

**OFFICERS** – Dean Langton (Director of Finance), Chris O'Halloran, (Principal Internal Auditor), Andrew Tordoff, (Principal Internal Auditor) and Phil Llewellyn (Democratic Services),

The Councils Auditors- John Farrar and Gareth Winstanley (Grant Thornton).

### RESOLUTIONS

**16. Welcome and Apologies**

The Chair welcomed everyone to the meeting.

**17. Minutes of the meeting held on 28<sup>th</sup> June 2022**

The Minutes of the meeting held on 29<sup>th</sup> March 2022 were submitted for approval.

**RESOLVED** – That the Minutes of the meeting held on 28<sup>th</sup> June 2022 be approved as a correct record and signed by the Chair.

**18. Declarations of interest**

No Declarations of interest were made by members of the Committee.

**19. External Audit – Audit Plan 2021/22**

John Farrar presented the Grant Thornton Blackburn with Darwen Council Audit Plan for the year ending 31<sup>st</sup> March 2022.

John explained that there had been a number of delays, meaning that the audit cycle was out of kilter, and in particular highlighted a national issue relating to accounting for infrastructure assets. It was hoped that the 20/21 audit would be completed early in 2023. This meant that the 21/22 audit was behind track.

The Plan for 2021/22 highlighted key information relating to significant risks, materiality, value for money arrangements and audit logistics.

Members were advised that the Audit Fee would be higher for 2021/22 (£136,186), which was primarily down to issues with infrastructure assets and adjustments relating to the 2020/21 audit.

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

**20. Treasury Management Report - June to August 2022**

The Director of Finance presented a report which presented monitoring information for the Treasury Management function for the period 1<sup>st</sup> June 2022-30<sup>th</sup> September 2022.

The report summarised the interest rate environment for the period and the borrowing and lending transactions undertaken, together with the Council's overall debt position, as well as position against Treasury and Prudential Indicators established by the Council.

**RESOLVED** – That the Treasury Management position for the period be noted, and that the Mid-Year Treasury Management Strategy Review also be noted.

**21. Audit & Assurance – Progress & Outcomes to October 2022**

Chris O'Halloran, Principal Internal Auditor, presented a report which informed Committee Members of the achievements and progress made by Audit & Assurance in the period from 1<sup>st</sup> June 2022 to 31<sup>st</sup> October 2022.

Members were advised that the National Fraud Initiative exercise had now concluded, with 1,641 matches processed and 1,050 errors identified which resulted in savings of £95,681. Arrangements were in place to recover this money from the individuals concerned as appropriate.

The report also gave information on the 17 audits completed and finalised since the last Committee, as well as highlighting Internal Audit performance for the latest period.

**RESOLVED** – That the outcomes achieved to October 31<sup>st</sup> 2022 against the annual audit and assurance plan 2022/23 be noted.

**22. Risk Management – 2021/22 Half Year Review**

Andrew Tordoff, Principal Internal Auditor, presented a report which detailed the risk management activity that had taken place in the period from 1<sup>st</sup> April 2022 to 30<sup>th</sup> September 2022.

As of 30<sup>th</sup> September 2022, there were 20 open risks, which were summarised in Appendix 1 of the report, with the top corporate risks being:

- Risk Ref 1 - Failure to deliver a balance budget and Medium Term Financial Strategy, which may result in a Government Commission taking control of the Council's finances;
- Risk Ref 14 - A high profile serious or critical safeguarding case that is known to the Council services, in light of Covid-19 working arrangements;

- Risk Ref 18 - Insufficient budget for service delivery if MTFs income targets from the Growth Agenda are not met; and
- Risk Ref 24 - Failure to respond effectively and proportionately to develop and implement plans/adaptations, within the scope of the Council's control and influence, in pursuit of its ambition to be a Carbon Neutral Borough.

Members were reminded that as part of the Council's Risk Management process, corporate risks were reviewed and monitored on a regular basis to ensure that the Council had appropriate, properly assessed corporate risks identified going forward. The Corporate Leadership Team (CLT) reviewed the risk details as part of the Management Accountability Framework reporting arrangements, as well as the on-going review and update of the risks by the designated risk owners and key contacts.

The report also outlined cyber risks identified by Zurich Cyber Risk consultants and the action plan that was being developed in response, as well as advising that a review of the Council's arrangements for the control of vibration at work and manual handling had been agreed with Zurich Risk Engineering, which would take place during January 2023.

**RESOLVED -**

1. That the risk management activity during this period be noted; and
2. That Corporate Risk 24, in relation to the ambition to be a Carbon Neutral Borough, be reviewed at the next meeting in relation to assessment, control and monitoring at its next meeting.

**23. Annual Governance Statement (AGS) – Progress on 2021/22 Actions and Plan for 2022/23**

Andrew Tordoff presented a report on the progress of the actions taken to address the significant governance issues identified in the 2021/22 AGS and the planned approach and timetable for producing the 2022/23 Statement.

The report outlined the progress made to 30<sup>th</sup> August for the significant issues noted in the 2021/22 AGS, whilst also noting the level of uncertainty as to the impact of government Social Care reforms and the ongoing impact of the pandemic, the cost of living crisis and winter demand pressures on key Council services. The delivery of the 2022/23 budget was also critical to the sustainability of the Council's financial position, whilst work was ongoing to contain current overspends wherever possible.

**RESOLVED –**

1. That the progress made to address the significant actions identified in the 2021/22 AGS be noted; and
2. That the approach/timetable for producing the 2022/23 AGS be noted.

**24. Arrangements for the Appointment of External Auditors**

The Director of Finance submitted a report the purpose of which was to inform the Audit and Governance Committee of the outcome of Public Sector Audit Appointment's (PSAA) procurement process for the appointment of External Auditors to the Council for the period 2023/24 to 2027/28.

Members were reminded that in anticipation of the need to re-procure External Auditors for the 5 year period commencing with the financial year 2023/24, at the meeting of Finance Council in February 2022, Councillors resolved again to accept PSAA's invitation for the Council to opt into the sector-led option for the procurement and appointment of External Auditors to principal local government and police bodies. Almost all (99%) eligible public bodies opted in to this procurement process.

The procurement process conducted by PSAA took place during the Spring/Summer of 2022. On 3<sup>rd</sup> October, PSAA informed the Council of the outcome of the procurement process. In summary, PSAA offered contracts to six suppliers: Grant Thornton, Mazars, Ernst and Young, KPMG, Bishop Fleming and Azets Audit Services. On 17<sup>th</sup> October, PSAA subsequently informed the Council that they proposed appointing Mazars as the External Auditor for Blackburn with Darwen for 5 years from 2023/24.

The report gave information about Mazars, which was a large global audit and accounting firm. The report confirmed that the existing External Auditor, Grant Thornton, would remain in place to undertake the audit of the Council's accounts for 2022/23 and Mazars would be appointed by PSAA for the audit of the Council's accounts for the 2023/24 financial year for five years.

**RESOLVED** – That the appointment of Mazars as the Council's External Auditor with effect from 1<sup>st</sup> April 2023 for a period of 5 years be noted and endorsed.

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed