

Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 16 February 2021 at the via WebEx and public access via YouTube.

Audit Committee members present:

Councillors McKay, Ingham, R Amos, Cartridge, E Ellison, Holden, Longton, Minto, Moon, O'Neill, Stirzaker, L Walmsley and Fairbanks

Apologies for absence:

Councillor Webster

Officers present:

Clare James, Corporate Director Resources and Section 151 Officer
Veronica Wilson, Head of Finance
Emma Keany, Democratic Services Officer
Marianne Unwin, Assistant Democratic Services Officer
Paul Hewitson, External Auditor (Deloitte)

56 Declarations of interest

None.

57 Confirmation of minutes

Agreed that the minutes of the Audit Committee meeting held on 26 November 2020 be confirmed as a correct record.

58 Statement of Accounts (Post Audit) 2019/20

The Corporate Director Resources (Section 151 Officer), Clare James, submitted a covering report on the Statement of Account, following completion of the audit, and the final capital and revenue position of the financial year 2019/20.

The Corporate Director Resources (Section 151 Officer) introduced the report to members. She reminded the Committee that prior to this meeting, on the 4 August 2020, the Audit Committee met under Emergency Powers following the Chief Executive of Wyre announcing a major incident in the Borough due to the COVID-19 pandemic. Therefore, the responsibility was given to the

Chair of Audit Committee to approve the pre-audit Statement of Accounts 2019/20.

She also explained that the three items on this agenda had been deferred at the 26 November 2020 Audit Committee meeting. She gave thanks to the Chair and the Members for accommodating this additional meeting.

Regarding the signing of the Statement of Accounts, Ms James reassured members that Wyre is in a relatively good position compared to many neighbouring Lancashire councils.

She stated that in normal circumstances, the Chair of Audit Committee would, at the end of the meeting, physically sign both the Statement of Accounts and the Management Representation Letter (Item 5), however, due to the ongoing pandemic and current lockdown this was unable to occur. She assured members that this would be resolved through digital signatures.

Ms James concluded by explaining that by the end of February 2021 members should be able to view the final Statement of Accounts on the Wyre Council website.

Agreed that the council's Audited Statement of Accounts 2019/20 be approved.

59 Management Representation Letter 2019/20

The Corporate Director Resources (Section 151 Officer) submitted the Management Representation Letter for 2019/20, the content of which had been determined by Deloitte.

Paul Hewitson, on behalf of the Council's external auditors Deloitte, explained that the contents of the letter were entirely standard and he expressed that there had not been anything unusual found. Mr Hewitson did explain that if additional issues were brought to light before the end of February then he would consult with the Chair to brief her on any possible subsequent actions.

Agreed that the contents of the Management Representation Letter for 2019/20, be noted and that the Chair of Audit Committee and the Corporate Director Resources (Section 151 Officer) be authorised to sign the document and send it to Deloitte.

60 Report of Those Charges with Governance (ISA 260) 2019/20

Paul Hewitson submitted the External Audit (ISA 260 Report) for Wyre Borough Council for 2019/20.

Firstly, Mr Hewitson apologised to members for the delayed report. As the report had been distributed to the Committee as an update sheet, Mr Hewitson shared his screen for all members to view the report alongside his verbal update.

He presented the Committee with an overview of the report and summarised the conclusions from the testing undertaken for the council.

Mr Hewitson expressed that their audit is at an advanced stage and explained the key matters that were still outstanding. Other than the matters discussed he assured members that their audit was largely complete. Additionally, Mr Hewitson stated that an “Emphasis of Matter” paragraph will be included in their audit regarding the valuation of both the pension assets and the assets of Wyre’s balance sheets. He stated that there was less certainty attached to valuations conducted for 31 March 2020. He stressed to members that this was still an unmodified opinion and that it had been common with all the audits they have undertaken.

He highlighted the main three significant risks that had been identified:

- Completeness and cut-off of service line expenditure
- Property Valuations
- Management override of controls

Mr Hewitson explained that they have raised some recommendations around controls. However, even though these risks had been found, he affirmed that overall Deloitte was satisfied.

There were three minor insights and areas for management focus in the report:

- IT environment observations
- Property Valuations
- Journals

Paul Hewitson confirmed that, although these findings had been brought to their attention, they were not classified as a significant risk. The Corporate Director Resources reassured members, in particular to the posting of journals, that the council had adequate checks and balances in place internally.

He then brought to the Committee’s attention a potential misstatement that had been identified from the recent “Goodwin” court case regarding the impact of the pension liability. Nevertheless, he believed that this should not be of great concern and again it was a common finding. Also, Paul Hewitson verbally updated members of an additional unadjusted misstatement found. He explained that Wyre’s Statement of Financial Position included Section 106 monies under a Capital Grants received in advance heading. This would not change the net worth, but he suggested that these should be disclosed separately for accuracy. Mr Hewitson asked if the council could provide him with a formal record of any adjustments.

The Corporate Director Resources responded that this was not a major issue for the council and explained that if the Committee agreed then she was happy to go forward with it unadjusted.

The Chair expressed that Section 106 money should be separate from the Capital Grant. The Corporate Director Resources stated that the heading

could be amended instead resulting in a more accurate reflection. Paul Hewitson confirmed that this could be a viable solution.

The Chair thanked Paul Hewitson for his attendance and contribution.

Agreed that the External Auditor's Report to those charged with Governance, (referred to as the ISA 260 report) for 2019/20, be noted.

The meeting started at 6.00 pm and finished at 6.50 pm.

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