

Audit and Standards Committee Minutes

The minutes of the Audit and Standards Committee meeting of Wyre Borough Council held on Tuesday, 27 February 2024 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

Audit and Standards Committee members present:

Councillors Ibison, Minto, Belshaw, Bolton, Duffy, Higgs, Jackson, Leigh, Rendell, Rushforth and A Walker

Independent Co-opted Member:

Paul Taylor

Absent- apologies received:

Councillor Wells

Officers present:

Clare James, Corporate Director Resources and Section 151 Officer
Joanne Billington, Head of Governance and Business Support
Karen McLellan, Audit and Risk Manager (Chief Internal Auditor)
Dawn Allen, Audit, Risk and Performance Lead
George Ratcliffe, Assistant Democratic Services Officer
Stuart Kenny, Deloitte - External Auditor
Salma Younis, KPMG - External Auditor (virtually)

No members of the public or press attended the meeting.

36 Declarations of interest

None.

37 Confirmation of minutes

The minutes of the meeting of the Audit and Standards Committee, held on Tuesday 14 November 2023, were confirmed as a correct record subject to amendment of the minutes to include the attendance of the Independent Co-Opted Member, Paul Taylor.

38 Review of Audit Committee Effectiveness

The Audit and Risk Manager gave a verbal update informing the committee that this item would be deferred as only one member had completed the self-assessment questionnaire following the Chartered Institute of Public Finance and Accountancy (CIPFA) refreshing and reissuing their guidance for both officers and members. She highlighted the importance of the questionnaire and clarified that it was mandatory. It was agreed it would be circulated again for completion with a deadline set. However individual 1-2-1's could be held if help was required.

The committee agreed to defer the discussion on the Review of Audit Committee Effectiveness to the next meeting.

39 Annual Review of Audit and Standards Committee's Terms of Reference

The Audit and Risk Manager submitted a report to the committee for the periodic consideration of its Terms of Reference in accordance with best practice guidance.

The Audit and Risk Manager introduced the report. She explained to the committee that in October 2022, CIPFA refreshed their guidance for audit committees as well as officers involved in guiding the committee. She highlighted that the guidance provided local authorities with a suggested terms of reference setting out the purpose and the core functions required. She clarified that since its last review by the committee in March 2023, it had been amended to reflect the amalgamation of the Audit and Standards Committees which was agreed by Full Council in May 2023. Only one minor change had been made to the document since its last review.

Paul Taylor asked for clarification regarding the merge of the two committees.

Following discussion, it was proposed by Councillor Belshaw and seconded by Councillor Minto, that the committee agree its amended core functions and recommend them to Full Council. It was resolved to recommend the updated terms of reference of the Audit and Standards Committee to a future meeting of Full Council.

40 Internal Audit Strategy and Audit Plan Priorities 2024/25

The Audit and Risk Manager submitted a report to the Audit Committee to review the Internal Audit Strategy and Audit Plan Priorities for the 2024/25 financial year.

The Audit and Risk Manager introduced the report. She explained that the Internal Audit Strategy sets out how the internal audit service would be developed and delivered, its strategic aims and objectives and its responsibility for identifying key risks. She highlighted that the annual risk-based audit plan was put together through several processes.

She notified the committee that to enable Internal Audit to be flexible and responsive to emerging risks across the organisation, quarterly audit planning would continue during 2024/25. She directed the committee to pages 26 and 27 of the agenda pack, which showed the quarter one priorities for April – June 2024 and quarter's two to four priorities for July 2024 – March 2025. She

highlighted that the plan would be reviewed on a quarterly basis and audits would be added and removed according to risk.

She informed the committee that the 2024/25 audit plan would continue to be completed by the in-house team and Lancashire County Council's (LCC) Internal Audit Team to facilitate the flexible retirement of the Audit and Risk Manager. With regards to the ICT support framework, she explained that she was currently in the process of looking for other service providers that can provide the resource to review the council's disaster recovery and cyber security arrangements.

There were questions from the committee regarding:

- the increased LCC audit fee;
- the Audit and Risk Manager's replacement;
- the Head of Internal Audit signing off on several grants.

Following discussion, it was proposed by Councillor Minto and seconded by Councillor Belshaw, for the committee to approve the Internal Audit Strategy and Audit Plan Priorities for 2024/25. It was resolved to approve the recommendation.

Councillor Belshaw left the meeting.

41

Annual Review of the Internal Audit Charter

The Audit and Risk Manager submitted a report to the Committee to agree the Internal Audit Charter and Code of Ethics, to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) and the checklist contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note constituting 'proper practices' as defined in the Accounts and Audit Regulations 2015.

The Audit, Risk and Performance Lead introduced the report. She informed the committee that this annual review was required to demonstrate their compliance with PSIAS.

She directed the committee to paragraph 5.1 of the report which stated the three changes that have been made since its last review. The first change was to reflect the use of LCC Internal Audit Service to supplement the internal audit work carried out by the in-house team. The second change was to reflect the recent restructure of the Senior Leadership Team. The third change was to amend all references to the 'Audit Committee' to the 'Audit and Standards Committee'.

She also directed the committee to paragraph 4.3 of the report which stated some forthcoming changes to Global Internal Audit Standards that may require the Internal Audit Charter to be brought back to the committee for further approval before the next scheduled review in February 2025.

Councillor Bolton asked for clarification regarding the renaming of roles in the Senior Leadership Team.

Following discussion, it was proposed by Councillor Minto and seconded by

Councillor Rendell, that the committee agree the Internal Audit Charter and Code of Ethics. It was resolved to agree the recommendation.

42 Unaudited Local Authority Accounts - letter from the Minister for Local Government to the Chair of the Levelling Up, Housing and Communities

The committee noted the letter.

43 Statement of Accounts update

Stuart Kenny, the External Auditor from Deloitte, gave a verbal update to the committee on the status of the Statement of Accounts.

He explained to the committee that Deloitte were looking to sign the opinion for the 2020/21 financial statements by the end of the week, subject to receiving the management representation letter. He highlighted that at the end of December 2023, there were 771 unsigned audit opinions within local government in England. He mentioned that the Department for Levelling Up Housing and Communities (DLUHC) and the National Audit Office (NAO) have proposed some changes to the current arrangements and that is the purpose of the consultation launched by the Government. He explained that the Government were wanting to introduce a backstop arrangement in September 2024 which will require every open set of accounts up to 2022/23 to be audited and signed by the council.

He highlighted that there were various forms of audit opinions, such as unmodified opinions, modified opinions and disclaimer opinions. To reset the system across the sector, he explained that there would be a number of disclaimer opinions issued which would note that the external auditor was unable to complete the audit. He confirmed Deloitte were working with officers to understand the implications of disclaimer opinions for the council.

He clarified that Deloitte now provide an assessment of value for money and if there were any weaknesses that they identify in the council's value for money arrangements, they would note those as weaknesses in their opinion. He explained that they would be required to report on all open years, from 2020/21 through to 2022/23, by the end of September.

The Corporate Director Resources (S151 Officer) highlighted that now the consultation had been published, it was a step in the right direction which hopefully draws a line under the current backlog, resulting in the council focusing on future year audits with KPMG.

Paul Taylor asked questions regarding disclaimer opinions and sector resources.

The Chair thanked Stuart Kenny for his attendance at the meeting.

44 Periodic Private Discussion with Chief Internal Auditor

Following the conclusion of the formal meeting, members of the Committee were given the opportunity to have their private periodic discussion with the

Chief Internal Auditor, as provided for in the Committee's work programme.

The Corporate Director Resources, Head of Governance and Business Support, Assistant Democratic Services Officer and the Deloitte External Auditor left the room for this item. The KPMG External Auditor also left the meeting virtually.

45 Time and Date of next meeting

The next scheduled meeting of the Audit and Standards Committee was Tuesday 18 June 2024 at 6pm in the Council Chamber.

The meeting started at 6.06 pm and finished at 7.05 pm.

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