

## Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 12 March 2019 at the Civic Centre, Poulton-le-Fylde.

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### **Audit Committee members present:**

Councillors R Amos, E Anderton, Beavers, Gibson, Ingham, McKay, Raynor, A Turner and Walmsley.

### **Apologies for absence:**

Councillor(s) Balmain, Greenhough, Holden, Moon and Wilson.

### **Other councillors present:**

Councillor I Amos.

### **Officers present:**

Clare James, Head of Finance and Section 151 Officer  
Joanne Billington, Head of Governance  
Karen McLellan, Senior Auditor  
Paul Hewitson, External Auditor (Deloitte)  
Roy Saunders, Democratic Services and Scrutiny Manager.

No members of the public or press attended the meeting.

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### **27        Declarations of interest**

None.

### **28        Confirmation of minutes**

**Agreed** that the minutes of the Audit Committee meeting held on 13 November 2018 be confirmed as a correct record.

The Chairman (Cllr McKay), confirmed, following concerns expressed after the last meeting, that none of the Audit Committee meetings scheduled for 2019 clashed with meetings of Fleetwood Town Council. The dates for Fleetwood Town Council meetings in the period January to May 2020 had not yet been published but, if the same pattern was followed as in the current year, there would be no clashes in that period either.

### **29        Review of Audit Committee's terms of reference**

The Head of Finance (Section 151 Officer) submitted a report on the annual review of the Committee's terms of reference.

The Head of Governance explained that, although no substantive changes were proposed to the Committee's responsibilities, the format of the revised terms of reference now being proposed had been changed to ensure that they took account of re-issued practical guidance for audit committees in local councils and police authorities from the Chartered Institute of Public Finance and Accountants (CIPFA). She confirmed that the revised terms of reference included reference to the Committee's responsibilities for ensuring compliance with the Data Protection Act.

The External Auditor suggested that specific reference should be made in the terms of reference to the Committee needing to be satisfied that the judgement or independence of the External Auditor was not impaired as a consequence of any non-audit reviews, services or advice provided to the Council.

**Agreed:**

1. That following additional bullet point be inserted under the section on External Audit in the proposed terms of reference:
  - To consider periodically (at least annually), whether the auditors appointed to carry out the external audit function remain independent and objective and that their judgement in carrying out that role has not been impaired as a consequence of their participation in any non-audit reviews, service or advice provided to the Council.
2. That, subject to the inclusion of the addition in 1 above, the revised terms of reference attached as Appendix 1 of the report accurately reflected the role of the Committee.
3. That the full Council be recommended to approve the revised terms of reference and to include them as Article 7 in Part 2 of the Constitution, in place of the previous version.

**30**

**Internal Audit Strategy and Audit Plan 2019/20**

The Head of Finance (Section 151 Officer) submitted a report.

The Head of Governance explained the risk based approach and assurance mapping processes under which had been used to draw up the internal audit strategy and audit plan for 2019/20.

The Senior Auditor said in response to questions from members of the Committee, that she was due to visit the Marine Hall again in April. She confirmed that the on-going support referred to in the plan would continue in 2019/20. The Head of Governance and the Head of Finance (Section 151

Officer) also commented on the progress made on previous audit recommendations relating to the Marine Hall. They confirmed that the Commercial Manager would be attending the Audit Committee meeting in June to update the Committee and to answer questions.

The Chairman said that, in view of the all-out elections to be held on the 2 May and in anticipation of around one third of current members not standing again, discussions had been held with external audit about any transition steps it might be advisable for the Committee to take. They have recommended that the current Audit Committee provide a Statement of Assurance on the Annual Governance Statement (AGS) to reflect that it accurately represents the organisation as the Committee see it. To make this as meaningful as possible it was proposed that, following the Annual Governance Statement workshop to be held by senior officers at the end of April, the Head of Governance would circulate to her, as the current Chair of the Audit Committee, a draft copy of the updated AGS. On behalf of the Committee, she would then review and either endorse the draft or raise any areas of concern where she felt the AGS didn't reflect properly the organisation. The new Audit Committee would still approve the final AGS in June, but they would do so knowing that the outgoing Chair, on behalf of the Committee, supported the main body of the text. This would give some assurance to the new Audit Committee, if significant changes to its membership occur. Owing to the short timescales, it was proposed that she, as Chair, should take responsibility for the Statement of Assurance.

**Agreed:**

1. That the Internal Audit Strategy, attached as Appendix 1 of the report, and the Annual Audit Plan for 2019/20, attached as Appendix 2 of the report, be approved.
2. That the current Chair of the Committee (Cllr McKay) be authorised to consider and comment on the draft Annual Governance Statement for 2018/19.

**31 Certification of claims and returns: annual report 2017/18**

The Head of Finance (Section 152 Officer) referred to a letter (published in the agenda) which had been sent to her by KPMG (the Council's former external auditors) as its required annual report on the certification of the claims and returns submitted by the Council.

The letter confirmed that no issues or concerns relating to claims and returns made by the Council in 2017/8.

The Head of Finance (Section 151 Officer) said that the issues with the certification of claims and returns for 2016/17, previously reported to the Committee, remained outstanding. Now that claims and returns for 2017/18 had been certified, the appeal would be pursued with the Council's new external auditors (Deloitte) and the Department of Work and Pensions.

**Agreed** that the Certification of Claims and Returns Annual Report for 2017/18 and the position on the certification of claims and returns for 2016/17, be noted.

### **32 External Audit Plan 2018/19**

The External Auditor submitted a report setting out how Deloitte would carry out their audit work on Wyre's activities and performance in 2018/19. He drew attention, in particular, to the following key elements of the plan:

- The guidance on how the Audit Committee could discharge its' responsibilities (on page 28 of the printed agenda);
- How 'materiality' would be determined (on page 29 of the printed agenda);
- The key areas of responsibility of the External Auditor (on page 30 of the printed agenda);
- The 'significant risks dashboard' (on page 35 of the printed agenda);
- The summary of responsibilities and the characteristics of fraud, set out in Appendix 1 (on pages 40 and 41 of the printed agenda);
- Arrangements for the confirmation of the independence of the audit team (on page 42 of the printed agenda); and
- The focus of the external auditors on quality (on page 44 of the printed agenda).

Members of the Committee initially expressed some concern about the use of a 'materiality' figure of £1.3 million (based 2% of the Council's gross income), leading to miss-statements of less than £66,000 not routinely being reported to the Committee. However, they were satisfied by the External Auditor's explanation that on the basis he had described, £66,000, represented approximately 5% of 2% of income and was therefore a reasonable reporting threshold to use. Members of the Committee also indicated that they were comfortable with the measures of significant risk used in the plan and with the independence of the audit team.

**Agreed:** that the External Audit Plan 2018/19 be noted.

### **33 Periodic private discussion with the 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 Head of Governance, as provided for in the Committee's work programme.

(The Head of Finance, the Democratic Services and Scrutiny Manager and the External Auditor left the room for this item).

No significant issues were raised or required actions identified.

**34 Time and date of next meeting**

Tuesday 28 May 2019 at 6pm.

The meeting started at 6pm and finished at 6.52pm.

**Date of Publication:** Tuesday 19 March, 2019