

Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 8 November 2016 at the Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillor R Amos
Councillor E Anderton
Councillor Ballard
Councillor Balmain
Councillor Collinson
Councillor Fail
Councillor Greenhough

Councillor Holden
Councillor Ingham
Councillor McKay
Councillor Moon
Councillor A Turner
Councillor Wilson

Apologies: Councillor Barrowclough and M Grimshaw, Senior Solicitor.

Officers present:

C James – Head of Finance (Section 151 Officer)
J Billington – Head of Governance
K McLellan – Senior Auditor
C Leary – Democratic Services Officer

Non-members present: A Smith – Director at KPMG, External Auditors, Councillor I Amos and R Saunders – Democratic Services and Scrutiny Manager.

Members of the public present: None.

27 **Declarations of interest**

None.

28 **Confirmation of minutes**

The minutes of the Audit Committee meeting held on Tuesday 20 September 2016 were confirmed as a correct record.

Annual Review of Audit Committee's Performance

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

The Head of Governance explained how the annual review process was carried out and highlighted the issues identified and the comments included in the self-assessment form, attached as Appendix 1 of the report, which she and the Head of Finance had completed. She highlighted, in particular, the proposed actions on Audit Committee periodic reports to Council (paragraph 2) and (paragraph 19), on how members of the committee added value to the organisation.

RESOLVED:

- (1) That the report of the Head of Finance (Section 151 Officer) and the comments made by the Head of Governance be noted.
- (2) That the responses and comments made in the completed self-assessment of good practice form, attached as Appendix 1 of the report, be endorsed, and the following proposed actions be approved:-
 - (a) That Audit Committee attendance figures would no longer be included in the future periodic reports to full council, but that the position would be reviewed annually.
 - (b) That the Head of Governance would arrange one-to-one meetings with members of the Audit Committee in early January 2017, to explore the issues identified in the questionnaires in more detail, to help identify any gaps in the knowledge and skills of Members, with a view to developing a training and development action plan.

Internal Audit and Risk Management - Progress Report

The Head of Finance (Section 151 Officer) submitted a progress report on Internal Audit and Risk Management activity.

The Senior Auditor introduced the report, informing members on progress on the delivery of the Internal Audit Work Plan (Appendix 1), the Risk Management Progress Report (Appendix 2) and the update as the Action Plan as the Annual Governance Statement for 2015/16 (Appendix 3).

Members were taken through audit work performed from May to October 2016 set out in Appendix 1. It was confirmed that all terms of references and final reports were on the intranet. The Senior Auditor said in response to questions that although the audit of compliance with the Anti-Social Behaviour Crime and Policing Act had identified a number of areas where improvements were needed, there were already some controls in place and the overall opinion of current practice was "fair".

Further to the information on risk management set out in Appendix 2, when the Corporate Management Team had undertaken its six monthly review of strategic risks on 20 October, it had added just one new risk to the register – relating to the possible impact on Wyre Services of the County Council’s funding crisis.

The Head of Governance confirmed that there were no anticipated significant financial implications arising from the action plan.

RESOLVED: That the Internal Audit and Risk Management Progress Reports be noted.

31 Annual Review of Council's Counter Fraud Policies - Anti Fraud, Corruption and Bribery, Whistle Blowing, Anti Money Laundering and Gifts and Hospitality and Registering Interests

The Head of Finance (Section 151 Officer) submitted a report on the Annual Review Of Council’s Counter Fraud Policies – Anti Fraud, Corruption and Bribery, Whistle Blowing, Anti Money Laundering And Gifts And Hospitality and Registering Interests.

The Head of Governance highlighted the proposed amendments to the policies listed in Section 5 of the report.

KPMG confirmed that their role would be to raise recommendations and bring any significant concerns to the Audit Committees attention.

RESOLVED:

1. That the revised versions of the following policy documents including the amendments set out in paragraphs 5.1 to 5.6 of the report of the Head of Finance, be approved: Anti-Fraud, Corruption and Bribery Policy, Whistleblowing Policy, Anti-Money Laundering Policy; Gifts and Hospitality and Registering Interests Policy, all of which could be viewed by Councillors and officers, on the Council’s intranet.
2. That in future, when each policy review reports were to be considered by the Audit Committee, a link to the relevant report would be sent separately to Members when the Audit Committee Agenda was published, for ease of access on the internet.

32 Compliance with the Regulation of Investigatory Powers Act 2000 (RIPA)

The Senior Solicitor submitted a report outlining the authority’s use of RIPA since it had last been considered at the Audit Committee in November 2015, to enable the committee to perform the required annual review of the Council’s Policy.

The Head of Governance informed Members that there had been no Council RIPA investigations since the last report. She informed Members that The Office of Surveillance Commissioners, which was responsible for overseeing

the use of covert surveillance by local authorities, had carried out their last three yearly inspection on 4 November 2015. Following the inspection, the Inspector had issued a report which had concluded that the Council's policy and guidance regime was of a good standard and that the training carried out by the officers was appropriate. The only recommendation from the Inspector was that the Council expand the paragraph in the Council's policy relating to the use of social network sites and the internet, in particular, to explain how such use might meet the criteria for authorisation as a covert human intelligence source or as directed surveillance.

Members observed that the flowchart, referred to in paragraph 5.7 of the report was not attached. The Head of Governance said she would email this out to members following the meeting. (*This was sent out on Monday 14 November 2016*).

RESOLVED:

1. That the fact that there had been no authorisations granted for directed surveillance, or covert human intelligence source under the Regulation of Investigatory Powers Act 2000 since November 2015, be noted.
2. That the revised RIPA policy attached as Appendix A to the report of the Senior Solicitor, which reflected the recommendations made by the Office of Surveillance Commissioners, following an inspection of the Council's policy, procedures and operations on 4 November 2015, be approved.

33

Annual Audit Letter 2015/16

The Head of Finance (Section 151 Officer) submitted a copy of the Annual Audit Letter 2015/16 prepared by the Council's external auditors KPMG.

The Council's External Auditor (KPMG) introduced the report and summarised key findings from the 2015/16 audit of Wyre Council.

The report reiterated that the Authority had proper arrangements in place for securing financial resilience and challenging how it secured economy, efficiency and effectiveness.

The External Auditor explained that their final fee for the 2015/16 audit of the Authority was £48,662 excluding VAT, this being a reduction of around 25% on the fee for 2014/15, and in line with the planned fee for 2015/16. Under the terms of their engagement with Public Sector Audit Appointments, they undertook prescribed work in order to certify the Authority's housing benefit grant claim. He explained that this certification work was still ongoing and the final fee will be confirmed when they report on the outcome of that work in January 2017.

RESOLVED: that the Annual Audit Letter for 2015/16 from the External Auditor's (KPMG), be accepted and published on the Council's website.

34 External Audit Appointments

The Head of Finance (Section 151 Officer) submitted a letter dated 22 September 2016, received from the Public Sector Audit Appointments Chief Officer, which confirmed that KPMG LLP had been appointed to audit the Council's accounts for 2017/18, as an extension of the current arrangement. The letter also referred to the implementation of changes to the process for the appointment of auditors from 2018/19.

The Head of Finance explained, in broad terms, the two options that would be available to the Council. Essentially, the Council could either choose to participate in a national scheme, to be administered on a regional basis, under which one of the four largest auditing firms undertaking public sector work in the UK would be allocated to act as Wyre's external auditor for a specified period. Alternatively, the Council could undertake its own procurement process, possibly with a selected group of other Council's. The first option would be much simpler and should provide a consistent approach, economies of scale, and, hopefully, cost savings, but would not allow the Council to choose its preferred auditor. The second option would allow more flexibility, but would be much more resource intensive and potentially more risky. At the moment, the first option seemed to be the preferred approach for Wyre. A report will be submitted to Council in January setting out the councils options.

RESOLVED:

1. That the confirmation of auditor appointment for 2017/18 letter be noted.
2. That the intention of the Head of Finance to submit a report to the council meeting on the 19 January, on the future method of appointing the Council's External Auditor, be noted.

35 Consultation document on proposed work programme and scale of fees 2017/18

The Head of Finance (Section 151 Officer) submitted a consultation document on the proposed work programme and scales of fees for 2017/18, for local government bodies.

RESOLVED: that the proposed work programme and scale of fees for 2017/18, be noted.

36 Time and date of next meeting

Audit Committee Meeting, Tuesday 7 March 2017 at 6pm in Committee Room 1.

The meeting started at 6.00 pm and finished at 7.04 pm.

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