



Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday 10 March 2020 at the Council Chamber, Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors McKay, Ingham, R Amos, E Ellison, Longton, Minto, O'Neill, Stirzaker, L Walmsley, Fairbanks and Webster.

Apologies for absence:

Councillors Cartridge, Holden and Moon.

Other councillors present:

Councillor I Amos.

Officers present:

Emma Keany, Democratic Services Officer
Joanne Billington, Head of Governance
Clare James, Corporate Director Resources and Section 151 Officer
Paul Hewitson, External Auditor (Deloitte LLP)

No members of the public or press attended the meeting.

36 Declarations of interest

None.

37 Confirmation of minutes

Agreed that the minutes of the Audit Committee meeting held on 19 November 2019 be confirmed as a correct record.

38 Review of Audit Committee's Terms of Reference

The Corporate Director Resources (Section 151 Officer) submitted a report that reviewed the Audit Committee's Terms of Reference.

The Head of Governance discussed the report and highlighted a change that the External Auditors, Deloitte, had requested be added to the committee's terms of reference. The change was to ensure that the committee annually reviewed the impartiality of the external auditors so that could ensure that they remained objective in their audit work without this being impaired by

additional work provided to the council.

Joanne Billington asked the external auditor, Paul Hewitson, how he would envision the review would take place. He responded by stating it may be ideal to review the work of the external auditors after the ISA 260 (Report to those charged with Governance) had been considered by the committee. He also suggested that the committee should review their impartiality every time Deloitte LLP was chosen to deliver other work. Mr Hewitson also discussed how the review could be delegated to officers but this would need to be documented.

Agreed:

1. That the 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.

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Internal Audit Strategy and Audit Plan 2020/21

The Corporate Director Resources (Section 151 Officer) submitted a report that reviewed the Internal Audit Strategy and annual Audit Plan for the 2020/21 financial year.

The Head of Governance highlighted key aspects of the report. She discussed the audit team structure, the fact that the plan had not identified any need for Lancashire County Council auditors to cover any work due to the comprehensive assurance mapping that is now completed, the shared audit service with Lancaster City Council and the reference, in Appendix 2, to Marine Hall.

Agreed:

1. That the Internal Audit Strategy, attached as Appendix 1 of the report, and the Annual Audit Plan for 2020/21, attached as Appendix 2 of the report, be approved.

40 Internal Audit Charter

The Corporate Director Resources (Section 151 Officer) submitted a report regarding the annual review of the internal audit charter.

The Head of Governance provided an overview to the report and the purpose of the charter and informed the committee that there had been no changes to this document since its last review in 2019.

Agreed:

1. That the Internal Audit Charter and Code of Ethics attached at Appendices 1 and 2 be approved.

41 Letter from the Public Sector Audit Appointments Limited (PSAA)

The Corporate Director Resources (Section 151 Officer) provided a verbal update regarding the letter from the Public Sector Audit Appointments Limited (PSAA).

The committee noted the letter.

42 External Audit Plan 2019/20

Paul Hewittson, External Auditor (Deloitte LLP), submitted a report setting out how Deloitte would carry out their audit work on Wyre's activities and performance for the year ending 31 March 2020. He drew attention, in particular, to the following key elements of the plan:

- Where the most risk had been identified and would subsequently mean the work that the external auditors would dedicate most of their time towards;
- How 'materiality' would be determined (on page 49 of the printed agenda);
- The 'significant risks dashboard' (on page 51-54 of the printed agenda);
- The responses on insights raised in the previous audit (on page 55 the printed agenda) and
- Arrangements for the confirmation of the independence of the audit team and fees (on page 60 of the printed agenda).

Members of the Committee initially expressed some concern about the use of a 'materiality' figure of £1.2 million (based 2% of the Council's gross income), leading to miss-statements of less than £61,000 not routinely being reported to the Committee. However, they were satisfied by the External Auditor's explanation that on the basis he had described, £61,000, represented approximately 5% of 2% of the Council's Total Gross Income and was therefore a reasonable reporting threshold to use. All errors below the £61,000 threshold are reported to the s.151 officer and their deputy.

Members of the Committee also indicated that they were comfortable with the independence of the audit team, even with the additional work carried out.

The committee noted The External Audit Plan for the year ending 31 March 2020.

43 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 Officer and the External Auditor left the room for this item).

44 Time and date of next meeting

Tuesday 5 May 2020 at 6pm.

The meeting started at 6.00 pm and finished at 6.51 pm.

Date of Publication: 29 May 2020