



## Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 15 June 2021 in the Council Chamber - Civic Centre, Poulton-le-Fylde

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**Audit Committee members present:**

Councillors McKay, Ingham, A Turner, R Amos, E Ellison, Longton, Minto, Moon, Stirzaker, L Walmsley, Fairbanks, Webster and George

**Other councillor present:**

Councillor I Amos

**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 (and Chief Internal Auditor)  
Dawn Allen, Audit, Risk and Performance Lead  
Marianne Unwin, Democratic Services Officer  
Daphne Courtenage, Assistant Democratic Services Officer  
Paul Hewitson External Auditor (Deloitte LLP) – left after item 5

No members of the public or press attended the meeting.

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**1 Election of Chairman**

Councillor Lesley McKay was elected as the Chair of Audit Committee for the 2021/22 municipal year.

**2 Election of Vice Chairman**

Councillor Tom Ingham was elected as the Vice Chairman of the Audit Committee for the 2021/22 municipal year.

**3 Declarations of interest**

None.

**4 Confirmation of minutes**

The minutes of the Audit Committee meeting held on 2 March 2021 were confirmed as a correct record.

## External Audit Plan 2021/22

Paul Hewitson, 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 2021. Due to Covid-19 local restrictions, Mr Hewitson was unable to attend the meeting in person and instead joined virtually.

He drew attention, in particular, to the following key elements of the plan:

- The objective of the Audit (pages 5 – 11 of the agenda supplement)
- How 'materiality' could be determined (page 13 of the agenda supplement)
- The impacts of Covid-19 (pages 14 – 16 of the agenda supplement)
- The 'significant risks dashboard' (pages 17 – 20 of the agenda supplement)
- How 'value for money' is determined (page 21 of the agenda supplement)
- The revisions to auditing standards ISA (UK) 570 and ISA (UK) 540 (pages 21 – 25 of the agenda supplement)
- Explanation of fraud responsibilities and representations (pages 28 – 29 of the agenda supplement)
- Arrangements for the confirmation of the independence of the audit team and fees (pages 30 – 31 of the agenda supplement)

Some members raised a concern over the External Auditors use of professional terminology. Mr Hewitson acknowledged this and welcomed feedback to improve future presentations.

Mr Hewitson updated members of the new 'value for money' requirements. He explained that the Code of Audit Practice 2020 and related Auditor Guidance Note 03 required the External Auditor to perform work that established the council's arrangements to secure economy, efficiency and effectiveness. This report must be prepared within three months of signing off the accounts.

He went on to explain the basis of the council's materiality figure of £1.08m (based on 2 per cent of the council's gross revenue) and that the clearly trivial threshold for all misstatements found would be £54,000. Meaning that any errors above this threshold would be reported back to the Audit Committee. All errors below the £54,000 threshold are reported to the s.151 officer and their deputy. However, he also reassured members that they would report misstatements below the threshold if it were found to be material in nature.

A member questioned the calculation behind the figure of £54,000. Mr Hewitson responded that it was 5 per cent of the materiality figure.

The Audit Committee **agreed** that they were satisfied with the level of materiality at £1.08m and the clearly trivial threshold of £54,000.

A councillor asked for clarification on the increased capital additions and capital expenditure, to which Mr Hewitson and the Corporate Director Resources (Section 151 Officer), Clare James, responded.

The Chair thanked Paul Hewitson for his attendance and contribution.

Regarding capitalisation of expenditure, Ms James stated that she would include a question and answer in the year-end pack, written in laypersons terminology, to the next meeting, which members welcomed.

**Agreed** that the External Audit Plan 2021/22 be noted.

**6 External Audit Annual Audit Fee 2021/22**

This item was deferred to the next meeting of the Audit Committee.

**7 Periodic Private discussion with External Audit**

This item was deferred to the next meeting of the Audit Committee.

**8 Audit Committee Effectiveness**

The Corporate Director Resources (Section 151 Officer) submitted a report on the annual review of the effectiveness of the council's system of internal audit, as required by the Accounts and Audit Regulations 2015.

The Head of Governance and Business Support, Joanne Billington, introduced the report and explained the key areas.

She made the committee aware of the impact of the Covid-19 pandemic on the completion of audit work. This was owing to officers, such as herself and Karen McLellan, Chief Internal Auditor, being redeployed to other council projects.

Joanne Billington updated the members of the recent structural changes to the audit department. She had now taken on the role of Head of Governance and Business Support. She introduced Dawn Allen, Audit, Risk and Performance Lead, and explained that as a result of her additional service responsibilities, Karen McLellan would take on the role of Chief Internal Auditor.

Ms Billington confirmed that no further actions were required following the last review, which had been carried out in June 2020 and that following this annual self-assessment, full compliance had been achieved.

**Agreed** that the results of the April 2021 review of the effectiveness of Internal Audit, as detailed in Appendix 1 of the report, be noted.

**9 Annual Internal Audit Report 2021**

The Corporate Director Resources (Section 151 Officer) submitted a report

providing information on internal audit work carried out during 2020/21, to enable the committee to review progress in relation to risk management activity, as required by the Accounts and Audit Regulations 2015.

The Head of Governance and Business Support referred to her formal “opinion” as the then Chief Internal Auditor (set out in the concluding paragraph of Appendix 1) that, taking account of the areas listed in the report, the council had in place satisfactory controls to be able to maintain and effective internal control environment.

The Head of Governance and Business Support said that summaries of the internal audit carried out in 2020/21 and the other work carried out by the internal audit team were included in Appendix 1.

She explained to the committee that there had been some difficulties with the completion of the agreed audit plan due of the Covid-19 pandemic; however, she reassured members that they had been able to be responsive to the organisation’s key risks. She highlighted that following the work carried out during 2020/21, the annual internal audit opinion was one of adequate assurance, this was positive especially giving the circumstances. This was also the second year in which the council did not receive a ‘weak’ or ‘poor’ scoring for any of its services.

Members asked questions about the assurance work around Civica Pay, its go live date, and PCI compliance.

The Chief Internal Auditor, Karen McLellan, referred to the Risk Management Progress Report and updated members of the ten strategic risks that were above the risk appetite.

She updated members that strategic risk 50, which related to the management of the 2021 Local Government Elections, had recently been completed, therefore this risk would subsequently be removed once the next quarterly review had taken place.

She also updated the committee on the purchase of a new risk management system (GRACE) that would increase internal audit efficiency.

**Agreed** that the Internal Audit Report attached at Appendix 1, the Risk Management Progress Report at Appendix 2 and the Strategic Risk Review at Appendix 3, be noted.

## **10 Draft Annual Governance Statement**

The Corporate Director Resources (Section 151 Officer) submitted a report on the draft Annual Governance Statement 2020/21.

The Head of Governance and Business Support introduced the report and said that this was an important, high-level strategic document. It was still currently a draft version, which members still had the opportunity to challenge, before it was signed off by the Leader of the Council and the Chief Executive

before being included in the Statement of Accounts.

The Head of Governance and Business Support explained that overall there had been no significant governance issues for the year 2020/21. Although, regarding compliance to the guidance a number of minor issues had been identified. She updated members that these had been documented in an action plan and would be monitored by the Corporate Management Team and reported back to the Audit Committee in its November meeting.

She additionally explained the impact of the Covid-19 pandemic on the adequacy of the council's governance arrangements.

Members asked questions surrounding working from home arrangements, home working health and safety assessments and the options around the return to functions and gatherings in council owned assets post Covid-19.

**Agreed** that the draft AGS, which incorporates the council's code of Corporate Governance, be approved.

## **11 Statement of Accounts (pre-audit training)**

The Corporate Director Resources (Section 151 Officer) recorded a training presentation on the format and contents of the council's accounts in advance of the requirement for the committee to approve the pre-audit 2020/21 Statement of Accounts at its July meeting.

The presentation had been pre-recorded and was accessible by a link that had been distributed to members by Democratic Services prior to the meeting. A copy of the slides had also been attached to the agenda pack.

**Agreed** that the contents of the presentation be noted and that members of the committee be asked to watch back the recording and read through the copies of the slides and to familiarise themselves with the draft Statement of Accounts for 2020/21 before the July meeting. A reminder to be issued with the July Agenda publication.

## **12 Time and date of next meeting**

It was **agreed** that the next meeting would be held on Tuesday 27 July 2021 at 6pm in the Council Chamber, Civic Centre, Poulton-le-Fylde.

The Chair thanked members and officers for their attendance.

The meeting started at 6.01 pm and finished at 7.21 pm.

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