

Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 1 March 2022 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors McKay, Ingham, A Turner, E Ellison, Longton, Minto, Moon, Stirzaker, L Walmsley and Leech

Apologies for absence:

Councillors R Amos and Webster

Other councillors present:

None.

Failure to attend:

Councillors Fairbanks and George

Officers present:

Dawn Allen, Audit, Risk and Performance Lead
Joanne Billington, Head of Governance and Business Support
Daphne Courtenage, Assistant Democratic Services Officer
Clare James, Corporate Director Resources (and Section 151 Officer)
Karen McLellan, Audit and Risk Manager (and Chief Internal Auditor)
Paul Hewitson, External Auditor (Deloitte)

No members of the public or press attended the meeting.

40 Declarations of interest

None.

41 Confirmation of minutes

The minutes of the meeting of the Audit committee held on the 16 November 2021 were **approved** as a correct record.

42 Annual Review of Audit Committee's Terms of Reference

The Corporate Director Resources submitted a report, to support members in their periodic consideration of the terms of reference of the Audit Committee

in accordance with best practice guidance.

The Audit and Risk Manager, Karen McKellan, introduced the report. She indicated to members the points of reference on page 12 of the agenda pack, which would set out the core purpose and functions of the committee which was to provide an independent review of the Council's governance, risk management and control framework. The committee also oversaw financial reporting and annual governance processes and the provision of internal and external audit services to ensure there was effective assurance arrangements in place.

She stated that there were some minor changes from the previous review, mainly concerning titles, including that of the Data Protection Officer, Joanne Billington, to reflect her new title as Head of Governance and Business Support.

She also mentioned that the responsibility for cybersecurity had been added to the committee's core functions, as it was intrinsically linked to the risk management processes and data protection. She told the committee they would receive regular reports and updates in the future, however it had not yet been decided what format these reports and updates would take.

The committee considered the previously agreed terms of reference and **agreed** that they accurately reflected the role of the committee, and **agreed** the terms of reference be recommended to Full Council for approval.

43 Internal Audit Strategy and Audit Plan Priorities 2022/23

The Corporate Director Resources submitted a report for the committee to review the Internal Audit Strategy and Audit Plan Priorities for the 2022/23 financial year.

The Audit and Risk Manager introduced the report. She explained that the Internal Audit Strategy could be found on page 18 of the agenda pack, and would help them to comply with Public Sector Internal Audit Standards and the Council's Internal Audit Charter. The strategy set out how the Internal Audit Service would be developed and delivered and also contained the strategic aims and objectives and outlined the Council's responsibility for the identification of key risks. The Annual Audit Plan was linked to this, which had been pulled together from the strategic and operational workshops and detailed the work that internal audit would provide during the year and provide assurances in the areas where key risks were being identified.

As with last year, she explained that they were continuing with a quarterly planning approach, as opposed to the annual plan from previous years.

The Audit and Risk Manager went through the priorities for quarter 1 and the future priorities for quarters 2 to 4. She explained that they were still in the process of finalising their annual risk workshops, assurance mapping statements and their key financial system control matrices; therefore they would need to review the plan following completion of these and audits would

be added or removed dependent on the level of risk identified.

She explained to members that the 2022/23 audit plan would be completed solely in-house as they now had additional resources of the Audit, Risk and Performance Lead officer, Dawn Allen. However, they could also receive support from the ICT Support Framework, provided for by Lancashire County Council if required.

The Audit and Risk Manager was confident that they would be able to give an annual audit opinion by the end of the year.

The committee **approved** the Internal Audit Strategy and Audit Priorities 2022/23.

44 Annual Review of the Internal Audit Charter

The Corporate Director Resources submitted a report detailing the agreement of the Internal Audit Charter for the Audit and Risk Management Section, ensuring compliance with the Public Sector Internal Audit Standards (PSIAS) and the associated Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note.

The Audit and Risk Manager introduced the report. She explained that the Charter set out the purpose of Internal Audit and the level of authority within the Council and its overall responsibilities. It also included the Code of Ethics, relating to the conduct of the Internal Audit team.

She brought the committee's attention to the changes being made this year, including the change in title of the Head of Governance to include her responsibility as Head of Governance and Business Support, as well as the role of Chief Internal Auditor being passed on to the Audit and Risk Manager, as well as other minor changes to wording.

Councillor Moon asked what risks the Audit team had identified with the rising costs of living and what actions they had considered to mitigate this.

The Corporate Director Resources explained that the Medium Term Financial Plan (MTFP) was set out to include a five-year forecast, into which underlying assumptions were built in. The council was already experiencing the effects of the rise in cost of living, and that they would see a worsening position relating to inflation in October 2022 when the MTFP was next presented to Cabinet. However, the Finance Team were alert to these potentials, and they had been picked up on strategic risk registers. She told members that they were watching the situation and were cautious of making difficult decisions too early, and were hopeful for a multi-year settlement in December which would aid medium term financial planning.

Councillor A Turner asked about whether adaptations had been made to risk management with more staff working from home.

The Corporate Director Resources explained that during the pandemic, the

hybrid-working approach had been largely imposed on the council but had been taken on board quickly. She explained that the council was still adapting to and learning the best way to approach hybrid working going forward. No changes had been made so far to terms and conditions but conversations were happening with staff to figure out the appropriate approach and balance with service delivery being the priority. Changes would need to be made regarding insurance and equipment needed to work from home, but that this was a continuing discussion.

Councillor Longton asked how risk assessments and the Audit Plan reflected the risks associated with the new Local Plan and gave examples of the risks he felt would fall on the council.

The Audit and Risk Manager explained that during the operational risk workshops, the Head of Planning Services would identify any risks that were relevant to his service. He had not identified any severe risks in regard to the Local Plan, but she would seek clarification. The Corporate Director Resources also explained to members that the full review of the Local Plan had only just opened and so that was the most likely reason why any risks had yet to be identified. She also went on to explain that historically the risks identified had tended to be around the cost of the plan, delays and the potential for not meeting deadlines and problems at the Inspector's examination stage rather than those mentioned by the councillor.

The committee **approved** the Internal Audit Charter and Code of Ethics.

45

Status of 2020/21 Statement of Accounts Audit

Paul Hewitson, the external auditor from Deloitte, gave a verbal update to the committee on the status of the 2020/21 Statement of Accounts Audit.

He explained to members that his team, working with the Financial Services team, had hoped to have the statement of accounts completed by now, but unfortunately this was not the case. He assured members that they had not come across anything that was worrying and that the review were almost complete. His intention was for the work to conclude before the end of April, with the potential for an informal meeting with the Chair to discuss the findings once this target had been met.

The Chair asked Mr Hewitson what the main reason was for this extended delay. He responded that there was a chronic lack of skilled auditors in the sector, with the particular skills for local authority audit being in short supply, but that most local authorities were facing similar issues.

He told members that their plan was to get out of 2022 with a clean slate, with the hope that they would not experience the same delays with the 2021/22 statement of accounts. They were recruiting heavily, hoping to gain more resources over the summer. In response to a question from Councillor Moon, Mr Hewitson explained that there was a culture issue within the sector against local authority audit and scrutiny as it is not seen as a lucrative career path.

The Chair thanked Mr Hewitson for attending the meeting and the committee noted his verbal update.

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

(The Corporate Director Resources, the Head of Governance and Business Support, the Assistant Democratic Services Officer, the External Auditor and the Audit, Risk and Performance Lead left the room for this item).

47 Time and date of next meeting

It was agreed that the next meeting of the Audit Committee would be held at 6pm on Tuesday 14 June 2022.

The meeting started at 6.00 pm and finished at 6.57 pm.

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