



Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 28 February 2023 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors McKay, Ingham, Ibison, Leech, Moon, Webster, Baxter and Rendell

Apologies for absence:

Councillors A Turner, George, Longton, Minto and Stirzaker

Failed to attend or tender apologies for absence

Councillors Fairbanks

Other councillors present:

None.

Officers present:

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

No members of the public or press attended the meeting.

The committee agreed that as the Chair was running late, the Vice-Chair Tom Ingham would open the meeting.

31 Declarations of interest

None.

32 Confirmation of minutes

The minutes of the last meeting of the Audit Committee held on 15 November 2022 were confirmed as a correct record.

33 Annual Review of the Audit Committee's Terms of Reference

The Corporate Director Resources (S151 Officer) submitted a report to the committee for the periodic consideration of its Terms of Reference in accordance with best practice guidance.

The Audit and Risk Manager introduced the report. She reminded members that this was a document reviewed annually, outlining the committee's core responsibilities and functions. She explained to the committee that in October 2022, CIPFA refreshed their guidance for audit committees as well as officers involved in guiding the committee. Because of this, there had been some suggested amendments made to the wording of the terms of reference. No other responsibilities had been added or taken away from the committee.

She also reminded members that with the elections in May 2023, the committee membership was subject to change and suggested the Chair repeat the approach taken before the 2019 elections of producing an outgoing statement for new committee members to give some assurance on the draft content of the Annual Governance Statement as the potentially outgoing Chair. This point was reiterated by the Corporate Director Resources.

Councillor Leech commented that given the political makeup of the members in attendance that evening, that it be noted for future meetings for the purpose of checks and balances that those not from the majority group ought to be in attendance. Councillor Moon suggested that the attendance record of the committee be noted in the next periodic report to Full Council, and mentioned that the committee had experienced low turnout from all party groups.

The Head of Governance and Business Support mentioned to the committee, given its two new members Councillors Baxter and Rendell, that full training for committee members would happen following the elections with the pre-audit committee session scheduled for 20 June 2023. If either councillor had any questions on the reports of this meeting, they were invited to get in touch with the officers.

Following discussion, it was proposed by Councillor Moon and seconded by Councillor Ibison that the committee agree its amended core functions and recommend them to Full Council. It was resolved to recommend the updated terms of reference of the Audit Committee to a future meeting of Full Council.

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Internal Audit Strategy and Audit Plan Priorities 2023/24

The Corporate Director Resources (S151 Officer) submitted a report for the Audit Committee to review the Internal Audit Strategy and Audit Plan Priorities for the 2023/24 financial year.

The Audit and Risk Manager introduced the report.

She informed the committee that the strategy was issued to comply with the Public Sector Internal Audit Standards (PSIAS), and the Internal Audit Charter. This strategy would set out how the internal audit service would be

delivered, its aims and objectives achieved and their responsibility for the identification of risks. She explained how the annual audit plan was put together, via the strategic and operational risk workshops, service mapping statements and key financial system risk control matrices. This would then detail the work required by Internal Audit to provide assurance in those areas where key risks had been identified. .

She told the committee that they were to continue with their quarterly planning approach for the year 2023/24, rather than the production of an annual plan. She directed the committee to page 25 of the agenda pack, which showed the Quarter 1 priorities for April – June 2023, with page 26 showing the future priorities for Quarters 2-4. Audits would be added to or removed from the plan based on risk after every quarterly review.

The Audit and Risk Manager informed the committee that the 2023/24 plan, up to and including July 2023, would be completed in-house, but with her planned phased retirement, any additional resources that would be needed going forward over the next few years would be added as required. The ICT Support Framework that was managed externally by Merseyside Internal Audit Services was still available to the council if they required additional resources in this area.

Based on this approach, she said that she was confident that their audit coverage was sufficient for her to provide an overall opinion at year end.

Councillor Moon raised a question on the audit plan priority of Planning Services, mentioned at page 26 of the agenda pack, and commented on the recruitment issue that the Planning department were facing both at the council and nationally. He asked how the council could combat this recruitment issue. He was also happy that the Beach Management Scheme was to continue to be reviewed until its completion.

Councillor Baxter raised a question in regards to the hybrid working arrangements (post pandemic) as detailed on page 26 of the agenda pack. He asked about how staff members were recorded when working from home. The Audit and Risk Manager explained the flexi time system and the Crown recording system to the committee; all staff members were required to log in when working from home, as they do when clocking in following their arrival at their place of work , and to log break times and when finishing the working day.

Councillor Ibison also raised a question on this issue, and asked whether they had adapted an existing system or whether this was new post pandemic. It was confirmed that this was an existing system and would reflect staff members' working patterns. The same principles and standards would apply to working from home, as when staff worked in the building.

Following discussion, it was proposed by Councillor Moon and seconded by Councillor Ibison for the committee to agree the Internal Audit Strategy and Audit Plan Priorities for 2023/24. It was resolved to agree the recommendations.

Annual Review of the Internal Audit Charter

The Corporate Director Resources (S151 Officer) submitted a report for the Audit Committee to agree the Internal Audit Charter and Code of Ethics, to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) and the checklist contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note constituting 'proper practices' as defined in the Accounts and Audit Regulations 2015.

The Audit, Risk and Performance Lead introduced the report. She told the committee that this was the annual review of the Internal Audit Charter, which was a document that was required in order to demonstrate their compliance with PSIA standards and so was required to be presented to the committee for approval. The Charter set out the purpose of Internal Audit, its authority and responsibilities and its code of ethics stipulating their conduct.

She pointed the committee in the direction of the three changes as set out at para 5.1 of the report.

The first change was the addition of a paragraph which set out that where needed, to maintain independence and objectivity within systems and processes designed by the Audit and Risk Team, they would seek reciprocal peer review arrangements with other local authorities.

The second change was a change of wording to reflect that, where needed, the team could draw on the ICT audit services provided by the Merseyside Internal Audit Framework managed by Lancashire County Council.

The final change was the removal of the 4:4:2 reporting timescales within the Quality Assurance Improvement Programme as they no longer reflected current practice.

Following discussion, it was proposed by Councillor Moon and seconded by Councillor Ibison that the committee agree the recommendation. It was resolved to agree the Internal Audit Charter and Code of Ethics.

Status of 2020/21 and 2021/22 Statement of Accounts

Stuart Kenny, the external auditor from Deloitte, attended the meeting virtually to present their update on the 2020/21 and 2021/22 audit to the committee.

He explained to the committee that the purpose of the attached report was to give them an update on the status of the 2020/21 audit and would also give a brief update on the 2021/22 audit.

He said that they were still progressing with the 2020/21 audit and hoped to complete all their audit procedures by the end of March 2023. In relation to 2021/22, he said that they had commenced their procedures and were looking to finalise as many of their procedures by the end of March 2023, but admitted this was more likely that they would report back to the committee in the summer of 2023.

He directed the committee to page 48 of the agenda pack, which set out the current status of the 2020/21 audit. He pointed out two key areas to the committee; the quality reviews and checks and the updated financial statements. The updated financial statements would contain revisions relating to infrastructure asset, which had been raised at previous committee meetings.

He also highlighted the current status of their Value for Money work, as there had been a change in the reporting of this from 2021. They were no longer required to provide an opinion on this, but instead were required to report any significant weaknesses. He told the committee that none had been identified to date, despite not having finalised their conclusions until the financial statement opinion had been concluded, and did not envisage reporting any issues to the committee.

The Chair asked the external auditor whether the documentation of the property valuation testing and review of pension liability testing were outstanding in full and asked whether completing this by March was too optimistic.

The external auditor confirmed that they had completed their procedures in relation to these areas, and were just waiting to finalise the documentation. These had been included in the report as they were aware they were key areas of interest for the committee.

The Chair also asked the work being done on infrastructure asset reporting, due to updates to this which had been released in January 2023. Again, she asked him to clarify when they thought they would be able to conclude on this. The external auditor responded that they were currently waiting on additional information from the council regarding some of their infrastructure assets.

Councillor Leech commented that the council should promote the positive reflections on the Value for Money work. The external auditor explained that the Auditor's Annual Report, which would explain this in more detail, would go into the public domain as legally required and be published on the council's website.

The committee noted the external auditors' report.

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Auditor Appointment from 1 April 2023

The Corporate Director Resources (S151 Officer) submitted a letter to the committee from the council's new external auditors, KPMG for their information.

The Corporate Director Resources (S151 Officer) explained to the committee that following the Public Sector Audit Appointments (PSAA) exercise, KPMG had been selected as the council's external auditor from April 2023. The S.151 Officer would be meeting with Debra Chamberlain, the external auditor,

in March to begin the handover process. KMPG had been the external auditors prior to Deloitte, so it was hoped that the handover process would be standard and this familiarity would help with a smooth transition.

The committee noted the information item.

38 Site Inspections - Audit follow up

The Audit and Risk Manager provided a verbal update to the committee on the follow up of the 2019/20 audit review of Site Inspections.

She explained to the committee that in accordance with the Audit Charter, where they completed an audit and the audit opinion remained the same i.e. Fair or Limited after two follow-up reviews, they were required to report this to the committee. Usually the Head of Service or Director would attend the committee to explain why the suggested actions had not been completed. However, this case was different than normal.

She told the committee that Site Inspections had been included in the 2019/20 plan, to be completed in Quarter 4 (in 2020). With the pandemic, the completion of the review had been delayed and the final report was issued in October 2020, with a fair opinion given and 7 recommendations suggested. A follow up review had occurred in November 2021, however the Head of Service responsible for the number of the actions detailed in the report had left the authority prior to this, so there had been no movement on the identified actions and therefore, the opinion remained unchanged. Following a restructure, the new Head of Service started at the authority in June 2022. A second follow up had been carried out at the end of 2022, with the final report issued at the beginning of 2023 with the opinion remaining the same. However, it was felt that it was unfair to ask the new Head of Service, who had a limited knowledge of this review to attend the committee meeting at this stage. A final review at the end of March 2023 was to be completed with an update to be brought to the committee.

Councillor Moon asked whether the recommendations suggested by the Audit and Risk Manager were being carried over following the restructure. She responded That these were now being addressed by the new Head of Service.

She reassured members that any reviews that receive a limited opinion would always receive follow-ups, either by the team itself or via the GRACE Risk Management automated system which would prompt users every week to review the recommendations.

The committee noted the verbal follow-up.

39 Periodic Private Discussion with 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 Audit, Risk and Performance Lead, the Democratic Services Officer, the Assistant Democratic Services Officer, and the external auditors left the room for this item.)

40 Time and Date of next meeting

It was agreed that the next meeting of the Audit Committee would be held at 6pm on Tuesday 20 June 2023.

The meeting started at 6.00 pm and finished at 6.48 pm.

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