



## Audit and Standards Committee Minutes

The minutes of the Audit and Standards Committee meeting of Wyre Borough Council held on Tuesday, 25 July 2023 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

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**Audit and Standards Committee members present:**

Councillors Ibison, Minto, Duffy, Higgs, Jackson, Leigh, Sorensen, A Walker and Wells

**Absent- apologies received:**

Councillors Bolton, Rendell and Stirzaker

**Officers present:**

George Ratcliffe, Assistant Democratic Services Officer  
Daphne Courtenage, Democratic Services Officer  
Karen McLellan, Audit and Risk Manager (and Chief Internal Auditor)  
Clare James, Corporate Director Resources and Section 151 Officer  
Paul Hewitson, External Auditor (Deloitte)  
Tim Turner (2040 Training)

One member of the public attended the meeting.

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**11        Declarations of interest**

None.

**12        Confirmation of minutes**

The minutes of the meeting of the Audit Committee held on the 20 June 2023 were approved as a correct record by those in attendance.

**13        Member training - Cyber security**

The Cyber Security training was deferred to the next meeting.

**14        Member training - Data Protection Act/GDPR**

Tim Turner delivered a presentation virtually on Data Protection Act/GDPR for the members.

Councillors Sorensen, Higgs and Wells entered the room during this item.

Members were given an opportunity to ask questions.

The Chair then thanked Tim Turner for his presentation.

## **15 Member training - The role of the External Auditor**

Paul Hewitson, the external auditor from Deloitte, delivered a presentation on the role of the External Auditors. He indicated that his slides would be available for circulation after the meeting.

After the presentation, a number of councillors asked questions and Paul Hewitson responded.

Paul indicated that the audited 2020/21 Statement of Accounts and ISA260 report should come to the next Audit Committee in September, with 2021/22 aiming for completion before Christmas.

The Chair thanked Paul Hewitson for his presentation.

## **16 Update the Council's Risk Management Policy**

The Corporate Director Resources (S151 Officer) submitted a report to update the council's Risk Management Policy to reflect the ownership and responsibilities going forward for the council's risk management arrangements following Internal Audit's removal from this process.

The Audit and Risk Manager (Chief Internal Auditor (CIA)) introduced the report. She explained to members that the last annual review took place on 27 September 2022 and bringing the annual review forward ensured the policy accurately reflected the revised responsibilities and ownership arrangements for risk management.

The CIA highlighted that Internal Audit had been responsible for managing and administering the council's risk management arrangements and these are now well embedded and supported across the organisation.

The CIA went on to state that following the purchase of a new risk management system (GRACE), the council's risk management process was now fully automated which had allowed Internal Audit to remove themselves from the management and administration of risk with the Head of Governance and Business Support (HOGBS) and risk owners taking responsibility. This will enable the Internal Audit Team to carry out a review of the council's risk management arrangements and give an 'independent opinion' on its effectiveness going forward.

She clarified that as the Internal Audit Team report to the HOGBS, an external peer review with a neighbouring council was considered appropriate and would take place to validate the audit opinion later on in the year.

Councillor Minto proposed the report and Councillor Jackson seconded the proposal. It was agreed that the updated Risk Management Policy was approved.

**17 Time and date of the next meeting**

The next meeting of the Audit and Standards Committee would be held on Tuesday 26 September at 6pm in the Council Chamber.

The meeting started at 6.10 pm and finished at 7.38 pm.

**Date of Publication:** 27 July 2023

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External Audit  
Briefing to  
members

July 2023

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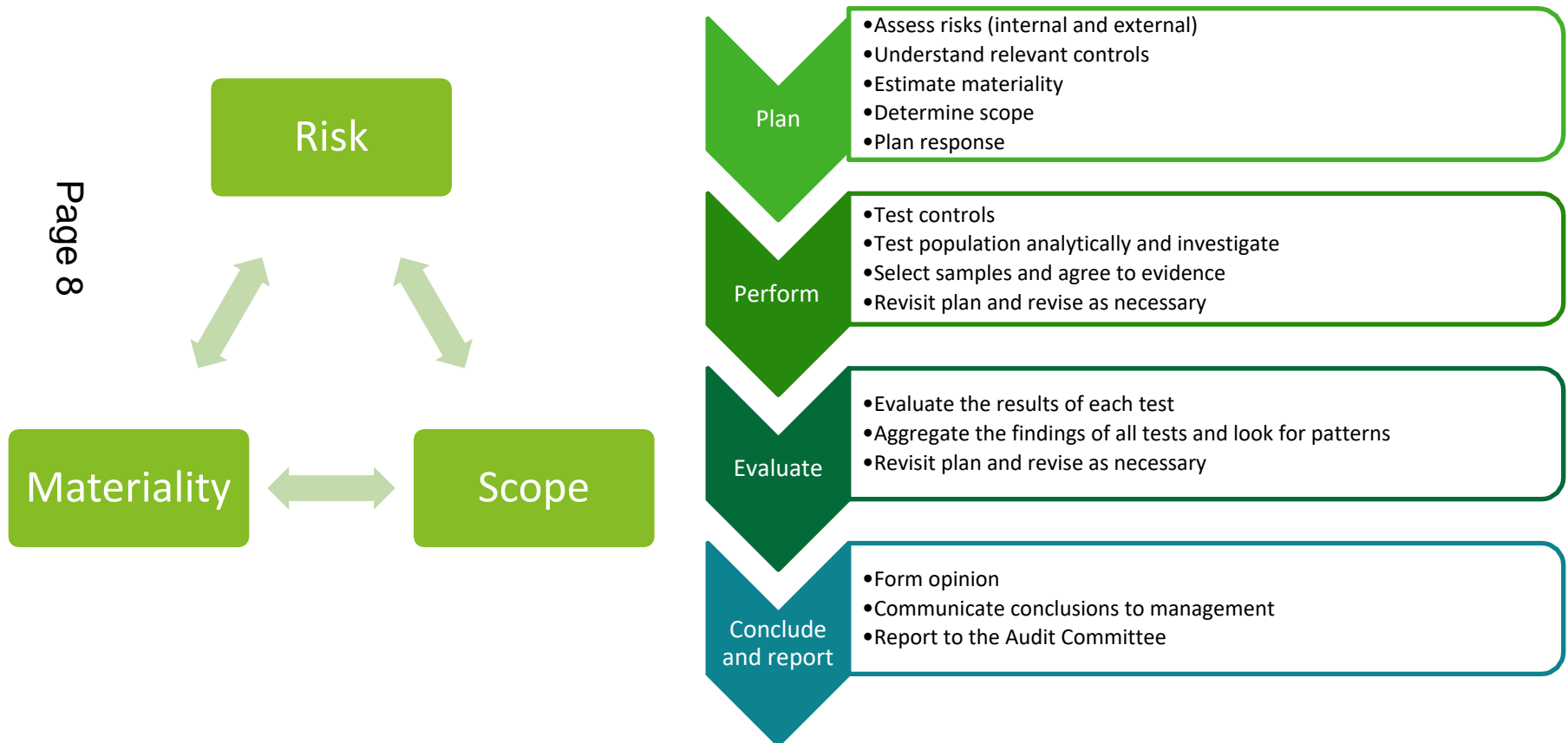
# Purpose of External Audit

Core Duties	The numbers	Forms an opinion on whether the financial statements give a true and fair view of the financial position of the Authority and its expenditure and income for the period in question
	Preparation, presentation and the accompanying narrative	Forms an opinion on whether the Statement of Accounts have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction
	Value for Money	Plans and undertakes work to satisfy themselves that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In carrying out this work, the auditor is not required to satisfy themselves as to whether or not the audited body has actually achieved value for money during the reporting period.
Other Powers and duties	Page 7	Considers whether to issue a public interest report concerning any matter that comes to the auditor's attention during the course of the audit, which they judge should be considered by the audited body or brought to public attention (Schedule 7 of the Act)
		Gives electors the opportunity to raise questions about a local authority's accounts, and consider and decide upon objections received from electors in relation to the accounts (sections 26 and 27 of the Act)
		Considers whether the authority should consider formally, and respond to in public, recommendations made in an audit report (Schedule 7 of the Act)
		Considers whether to issue an advisory notice or to apply to the court for a declaration that an item of account is unlawful (sections 28 and 29 of the Act)
		if they have reason to believe that unlawful expenditure has been or is about to be incurred by an authority apply for judicial review with respect to a decision of an authority or a failure of an authority to act, which it is reasonable to believe would have an effect on the accounts of that authority (section 31 of the Act).

# The External Audit

Forms an opinion on whether the financial statements give a true and fair view of the financial position of the Authority and its expenditure and income for the period in question

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# Value for Money

Plans and undertakes work to satisfy themselves that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

	Financial How is the Council performing financially?	Quality and Operational How is the Council performing operationally and in service delivery?	Controls and systems Does the Council have adequate processes?	Future of the Council Is the Council's strategy appropriate and sustainable?
Business processes and Board oversight Page 9	Is reliable reporting and data being produced through the year, at each level within the Council, and appropriately reviewed and followed up?			
	Is the Statement of Accounts, taken as a whole, fair, balanced and understandable?		Are the Council's processes operating effectively?	Are the Council's plans realistic and achievable?
	Is the Council meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?			
	Has the Council delivered on its financial plans?	Are priorities selected appropriate for the Council?	Does the Council have efficient systems and processes?	Are appropriate actions in place to deliver the Council's plans?
	Is the Council generating sufficient surplus for reinvestment?	Are performance metrics accurate and complete?	Are risks around legacy systems etc appropriately mitigated?	What are the risks to achievement of the Council's plans and are appropriate mitigations in place?
Internal audit assurance	Is there a generally sound system of internal control on key financial and management processes?			
Local Counter Fraud	Has the Council suffered losses due to fraud?		Does the Council have appropriate arrangements in place to mitigate fraud risks?	
External Audit assurance on reported performance	Do the financial statements give a true and fair view?		Is the Annual Governance Statement misleading or inconsistent with information we are aware of from our audit? *	Is there significant uncertainty over the going concern assumption?
	Have the financial statements and remuneration report been properly prepared?			
	Is the Narrative Report consistent with the financial statements? *		Has the Council made proper arrangements for securing economy, efficiency and effectiveness in the use of resources?	

\*The scope of external audit in this area is negative assurance

# What might I say

There are broadly five categories of opinion I can give:

- Unmodified:** Also known as unqualified or, sometimes, “clean”. This means that I concluded that the Statement of Accounts was free from material error
- Emphasis of Matter:** Occasionally referred to as “the Auditor’s Highlighter Pen”. Stops short of saying that the Statement of Accounts contains a material error however draws the reader’s attention to things that are particularly important
- Modified “except for”:** Also known as a qualified opinion. This is used where I conclude that there is material error somewhere in the accounts. The intention is to say, “things are free from material error except for.....”, could be a disagreement or a limitation of scope.
- Modified “adverse”:** Also a “qualified” opinion however much broader than the specifically focussed “except for” version.
- Disclaimed Opinion:** Effectively no opinion

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# When things go wrong

Page 11 Powers and duties	Considers whether to issue a public interest report concerning any matter that comes to the auditor's attention during the course of the audit, which they judge should be considered by the audited body or brought to public attention (Schedule 7 of the Act)
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# Questions?



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