



Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 19 June 2018 at the Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors Rita Amos, Emma Anderton, Lorraine Beavers, Ron Greenhough, Tom Ingham, Lesley McKay, Paul Moon, Cheryl Raynor, Brian Stephenson, Ann Turner, Lynn Walmsley and Val Wilson

Apologies:

Councillor(s) Tom I Balmain and Graham Holden

Other councillors present:

None.

Officers present:

Clare James, Head of Finance and Section 151 Officer
Joanne Billington, Head of Governance
Roy Saunders, Democratic Services and Scrutiny Manager

Harriet Fisher, KPMG (External Auditor) was also present.

No members of the public or press attended the meeting.

1 Election of Chairman

Cllr McKay was elected as Chairman of the Committee for the 2018/19 municipal year.

2 Election of Vice Chairman

Cllr A Turner was elected as Vice Chairman of the Committee for the 2018/19 municipal year.

3 Declarations of interest

None.

4 Confirmation of minutes

Agreed that the minutes of the Audit Committee meeting held on 8 May 2018 be confirmed as a correct record.

5 Training: Statement of Accounts 2017/18

The Head of Finance (Section 151 Officer) made a presentation on the format and contents of the council's accounts in advance of the requirement for the Committee to approve the 2017/18 Statement of Accounts at its next meeting on 24 July.

Copies of the slides presented by Head of Finance (Section 151 Officer) are appended to the minutes.

When making her presentation, the Head of Finance (Section 151 Officer) said that the information in her slides was consistent with a guidance document published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which members of the Committee had previously been referred to and was available on CIPFA's website. She referred during her presentation to the latest draft version of the Statement of Accounts for 2017/18, copies of which had been made available to members of the Committee. She said that the draft accounts did not yet include an independent auditor's report, which would be inserted when the auditing work they were currently undertaking had been completed.

The Head of Finance (Section 151 Officer) explained what had to be included in the Statement of Accounts. She stressed, in particular, the need for members of the Committee to be familiar with and be able to consider effectively at its next meeting the Narrative Report section, which provided a summary of the whole document and was a very useful overview of the accounts which 'told the story'.

She provided a number of examples to illustrate where information could be found within the statement of accounts to obtain answers to the sorts of questions Members might want to ask at the next meeting of the Committee (pages 57 and 58 of the slides).

Agreed that the contents of the presentation be noted and that members of the Committee be asked to read through the copies of the slides before the next meeting.

6 Peer Review of Internal Audit: External Assessment

The Head of Governance submitted a report of the Peer Review Team which had recently completed a review of the council's Internal Audit service. She explained that, in addition to the annual self-assessment which the council had to undertake, an external peer review had to be carried out every five years. The current review had been undertaken by Audit Managers from Allerdale and Preston Council's.

The outcome of the review, as set out in the report, had been very positive, confirming that Wyre's internal audit service 'conformed' to the required professional standards.

Only three 'minor observations' on areas of possible improvement or development had been identified, which were referred to in paragraph 3.4 of the report. Suggested actions were listed in Appendix C. The Head of Governance said that she had been aware of the issues raised, but each of the points raised would be considered further. The Head of Governance (with reference to paragraph 3.4.1) was wary of spending too much time collecting purely quantitative performance information, but she would look again for possible qualitative measures which would be relatively easy to obtain and which would provide added value. She said (with reference to paragraph 3.4.2) that she would also look again at ways of including some, although probably not all, third tier managers in the council's established processes for identifying and assessing risks. She said (with reference to paragraph 3.4.3) that arrangements were already being made to do more sampling and follow up work on lower priority actions identified in audit reports. She stressed that checks were already routinely made on the implementation of all high priority audit recommendations.

The Head of Governance also submitted a letter from the Peer Review Moderation Team (comprising the Chief Auditors of Hyndburn, Burnley and South Ribble and Chorley Councils) confirming that the review and resulting report on Wyre Council's conformance with the UK Public Sector Internal Audit Standards was fair and consistent with the expected standards established for the peer review process.

Agreed that the outcome of peer review process be noted and that the positive conclusion reached be welcomed.

7 Risk Management Policy: Annual Review

The Head of Finance (Section 151 Officer) submitted a report on the annual review of the council's risk management policy.

The Head of Governance said that the council's arrangements for regularly assessing and mitigating both strategic and operational risks were well established and worked well. She said that only very minor amendments had been made to the policy, for example, to reflect changes to job titles.

The Head of Governance drew attention to the responsibilities of Councillors with regard to risk management, which were set out in paragraphs 3.1 to 3.3 of the policy.

Agreed that the Risk Management Policy attached as Appendix 1 to the report be approved.

8 Annual Governance Statement 2017/18

The Head of Finance (Section 151 Officer) submitted a report on the draft

Annual Governance Statement 2017/18. The Head of Governance introduced the report and said that this high level strategic document was the second most important document considered by the Committee (after the statement of accounts). It was still currently a draft version, which Members still had the opportunity to challenge.

The Head of Governance drew attention to the information in Section 5 of the Statement providing evidence to demonstrate how the council had complied in 2017/18 with the seven core principles set out in the CIPFA/SOLACE framework. She also referred, in particular, to the review of the effectiveness of the council's internal financial controls in Section 7 of the Statement.

The Head of Governance said that there were no significant governance issues which needed to be specifically identified in Section 9 of the Statement. She reminded Members that reference to the preparation for the introduction of the General Data Protection Regulations 2018 had been included in the Statement for the previous year but, although there was still a considerable amount of work to be done on data protections issues, the necessary steps had been taken prior to the implementation of the Regulations on 25 May 2018 for that reference to be removed from the Statement.

The Head of Governance also referred to the list of actions set out in the Action Plan attached as Appendix 2 of the report. She responded to questions from members of the Committee about:

- the involvement of councillors in the proposed ongoing review of the Constitution;
- the appointment of councillors to regulatory committees;
- a proposed further review of the performance appraisal process for staff.

Agreed, having reviewed the documents submitted, that the draft Annual Governance Statement 2017/18, incorporating the Council's Code of Corporate Governance, be formally approved.

9 Housing Benefit Payments

The External Auditor provided an update on the latest position with regard to minor housing benefit payment errors reported to the Committee on 13 March 2018. Further sampling was still being carried out and would be completed in time for a report to be submitted to the Committee in July. It was not yet clear whether the extrapolated total over-payment and under-payment figures would increase or decrease as a result of the larger number of claims being sampled.

Agreed that the position be noted.

10 Periodic private discussion with External Auditor

In accordance with the Audit Committee's work programme, the Audit Committee Members were given their annual opportunity to speak in confidence to the External Auditor at the end of the meeting.

The Head of Finance, the Head of Governance and the Democratic Services and Scrutiny Manager left the room for this item.

No significant issues were raised or required actions identified.

Appendix to Minutes: Training Slides - Statement of Accounts (minute 5)

The meeting started at 6pm and finished at 7.26pm.

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