

Audit Committee Minutes

Minutes of the meeting of the Audit Committee of Wyre Borough Council held on Tuesday 24 May, 2016 at the Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillor R Amos	Councillor Holden
Councillor E Anderton	Councillor Ingham
Councillor Balmain	Councillor McKay
Councillor Barrowclough	Councillor Moon
Councillor Collinson	Councillor A Turner
Councillor Fail	Councillor Wilson

Apologies: Councillors Ballard and Greenhough.

Officers present:

P Davies – Corporate Director of Resources
J Billington – Head of Governance
C James - Financial Services Manager
C Leary – Democratic Services Officer

Non-members present:

C Paisley – KPMG
Councillor I Amos

Members of the public present: None.

AUDIT. 01 Election of Chairman

RESOLVED that Councillor McKay be appointed Chairman of the Audit Committee for the municipal year 2016/17.

AUDIT. 02 Election of Vice Chairman

RESOLVED that Councillor A Turner be appointed Vice-Chairman of the Audit Committee for the municipal year 2016/17.

AUDIT. 03 Welcome and Apologies of Absence

The Chairman welcomed everyone to the first meeting of the Audit Committee for this municipal year.

Apologies as detailed above.

AUDIT. 04 Declarations of Interest

None.

AUDIT. 05 Confirmation of minutes

The minutes of the Audit Committee meeting held on Tuesday 8 March 2016 were confirmed as a correct record.

AUDIT. 06 Training Re: Statement of Accounts 2015/16

The Corporate Director of Resources gave a detailed presentation to Members in advance of the requirement for the Audit Committee to approve the 2015/16 Statement of Accounts. It was explained that in their role as governors there is a need to reasonably understand the statements that they were being asked to approve. The presentation concluded with a series of twelve questions reinforcing the information that is 'revealed' as part of the Financial Statements.

A copy of the presentation is attached to the minutes.

RESOLVED Members thanked the Corporate Director of Resources for the presentation and looked forward to receiving the Statement of Accounts for 2015/16 at the next meeting.

AUDIT. 07 Review of Effectiveness of Internal Audit

The Head of Governance introduced the report which relates to the requirement for the authority to undertake an annual review of the effectiveness of the system of internal audit. The Accounts and Audit Regulations 2015 require the relevant body, at least once a year, to conduct a peer review of the effectiveness of its system of internal audit. The purpose behind this is to ensure that the opinion in the annual audit report issued by the Head of Governance (Chief Internal Auditor) can be relied upon as a key source of evidence in the Annual Governance Statement.

The Head of Governance explained that the annual review / self-assessment, using the Public Sector Internal Audit Standards was also required to be externally assessed every 5 years with Wyre's peer review scheduled for March 2018.

Councillor Anderton questioned the risk of the timetable slipping and Joanne explained that this would be closely monitored.

Councillor Fail questioned the inability of the team to rotate audit responsibilities and was reassured that the use of Lancashire County Council and Mazars achieved conformance with the standard.

Only one outstanding action was noted on page 66 concerning the inclusion of a value for money section in audit reports. This was being addressed by the introduction of a new reporting format.

Resolved that members note the results of the May 2016 review of the effectiveness of Internal Audit.

AUDIT. 08 Internal Audit Annual Report 2015/16

The Head of Governance presented the Internal Audit Annual Report for 2015/16.

This report is produced in order to meet the requirements of the Public Sector Internal Audit Standards and to assist in meeting the Accounts and Audit Regulations 2015. It provides details of audit coverage and of the work carried out by the section and contains the Chief Internal Auditors opinion of the overall level of control in operation.

The Audit Committee's role is to review work carried out; which includes formal consideration of summaries of work done, key findings, issues of concern and any actions in hand as a result of audit work.

A discussion took place around the audit opinion and the number of individual recommendations at the different levels. Joanne indicated that the risk matrix for each individual audit report more appropriately explained the evidence supporting the overall conclusion.

Councillor Fail questioned the priority one recommendations on the YMCA audit, particularly in relation to the completion of monthly legionella testing. Joanne explained that the audit team were not sufficiently resourced to follow up all recommendations, but that a piece of work was commissioned to review all the priority one recommendations and a sample of priority two and three recommendations.

The 2015/16 follow up audit would be shared at a future audit committee and the use of the CRM system would be explored to manage compliance with priority one recommendations.

Joanne referred to one investigation that had been carried out which had been discussed with the Chairman. Joanne also circulated the employee gifts and hospitality register for member's consideration.

Resolved

That Audit Committee note the Internal Audit Annual Report for 2015/16, the Risk Management Progress report concerning Operational Risks and the Strategic Risks Review.

AUDIT. 09 Annual Governance Statement 2015/16

The Head of Governance introduced the report explaining that the Council is required to prepare an Annual Governance Statement (AGS) for inclusion in the Annual Statement of Accounts in June 2016, following the review of the Council's governance arrangements.

The Head of Governance briefed members on the AGS and confirmed that whilst an action plan was available on the intranet and would be monitored regularly, there were no significant governance issues to report.

Councillor Fail referred in particular to Core Principle No 6 – Engaging with local people and other stakeholders to ensure robust public accountability - and said that in his view, the three recent call-ins with which he had been involved (the disposal of the Frank Townend Centre, the provision of 10 new beach bungalows and introducing charges for the Splash Pad) clearly evidenced that the council had failed to consult and engage with the community. He commented that whilst ‘arrangements are in place to enable the Authority to engage.....’ they were clearly not being used. He felt that there needed to be more consultation with the public to ensure transparent decision making.

Resolved

That the Audit Committee, having reviewed the document, formally approve the Annual Governance Statement 2015/16, noting that it incorporates the Council’s Code of Corporate Governance.

AUDIT. 10 External Audit Annual Audit Fee 2016/17

The External Auditor introduced KPMG’s Annual Audit Fee Letter dated 22 April 2016. The letter was self explanatory with a proposed indicative fee for the audit for 2016/17 of £48,662 (plus VAT) which reflected a 25% reduction from the planned fee for 2015/16 and also a proposed indicative fee for the Certification of housing benefit grant claims for 2016/17 of £5,580 a reduction from the previous years’ charge of £5,676.

Chris reassured members that the same issues would be addressed as part of their value for money conclusion even though there was a new criteria and sub-criteria.

Resolved

That Audit Committee Members note the contents of the External Audit Annual Audit Fee letter for 2016/17.

AUDIT. 11 Public Sector Audit Appointments – 2016/17 work programme and scale fees

The letter dated 21 March 2016 was self-explanatory and explained that there were no changes to the overall work programme for 2016/17 and therefore scale fees have been retained at the same level as the scale fees applicable for 2015/16, as set by the Audit Commission before it closed in March 2015.

Resolved

That Audit Committee Members note the contents of the Public Sector Audit Appointments for the 2016/17 work programme and scale fees.

AUDIT. 12 Periodic Private Discussion with External Auditor, KPMG

Each year, Audit Committee Members are given the opportunity to speak to the External Auditors (KPMG) in confidence, in accordance with the Audit Committee work programme.

The Corporate Director of Resources, Head of Governance, Financial Services Manager and the Democratic Services Officer left the room for this item.

The meeting started at 6pm and finished at 8pm.

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