



Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 30 July 2019 at the Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors McKay, Ingham, R Amos, George, Holden, Longton, Minto, Moon, O'Neill, L Walmsley and Webster

Apologies for absence:

Councillor(s) Cartridge and E Ellison.

Other councillors present: None.

Officers present:

Clare James, Head of Finance and Section 151 Officer
David Bennett, Deputy Head of Finance
Paul Hewitson, External Auditor (Deloitte)
Joe Stone (Deloitte).

No members of the public or press attended the meeting.

19 Declarations of interest

None.

20 Confirmation of minutes

Agreed that the minutes of the Audit Committee meeting held on 18 June 2019 be confirmed as a correct record.

21 Apologies for absence

22 Statement of Accounts (Post Audit) 2018/19

The Head of Finance (Section 151 Officer) submitted a report on the Statement of Accounts, following the completion of the audit, and the final capital and revenue position for the financial year 2018/19. She said that when the Statement of Accounts had been approved by the Committee it would be signed by the Chairman of the Committee and herself, as Chief Financial Officer, and would then be published on the Council's website.

The Head of Finance introduced the report and explained the format of the Statement of Accounts. She referred, in particular, to the introductory, contextual and background information in the narrative report, the various detailed financial statements set out in Appendices 1 to 4b and the recommendations to the Committee in paragraph 3 of the covering report. She reminded Members that they had received training on the format and content of these documents when the unaudited accounts had been submitted to the Audit Committee on 18 June.

As in previous years, in order to assist with the interpretation of the report and to demonstrate robust Member scrutiny prior to approval, the Head of Finance submitted a set of Questions and Answers (attached as an annex to these minutes), which highlighted a number of issues arising from the accounts. The Head of Finance and the Deputy Head of Finance drew attention in particular to the following questions and answers:

- Q1(non-financial information)
- Q2 (revenue variances)
- Q3 (car parking fee income)
- Q7 (income from planning fees)
- Q9 (audit, risk and insurance activity and the Audit Plan)
- Q10 (council tax summons fee income)
- Q16 (pre-payment of employers pension contributions)
- Q17 (revenue slippage)
- Q18 (three highest areas of revenue slippage – employee budgets, Care and Repair Handyperson Service and homelessness costs)
- Q19 amount of revenue balances)
- Q21 (spending on Culture and Leisure facilities and subsidy level trends)
- Q25, Q26 and Q27 (Different purposes of and links between the Comprehensive Income and Expenditure Statement, the Narrative Report and the Expenditure and Funding Analysis Note)
- Q36 (earmarked reserves – vehicle replacement/street cleansing maintenance)
- Q31 (earmarked reserve – Enterprise Zone growth)
- Q32 (reduced deficit on Marine Hall catering and future plans)
- Q33 (trading operations – Fleetwood Market)
- Q37 (confirmation that there are no outstanding actions remaining from the 2017/18 audit).

Members of the Committee asked questions and made comments, as the Statement of Accounts was considered, supported by the questions and answers document, including references to the following issues:

- Income from cemeteries.
- The possible use of revenue slippage for repairs required to the Memorial Park fountain.
- Marine Hall maintenance and operational costs.

- The possible impact of anticipated new retail developments on car park income in Poulton.
- The implications of fluctuations in planning fee income on staffing expenditure in the Planning Team;

- The effectiveness of the Localised Council Tax Support Scheme in helping people on low income pay their council tax bills and the impact on the level of debt owed to the Council.
- The impact of difficulties with the implementation of Universal Credit/Housing Benefit on the delivery of the Council's bond guarantee scheme.
- The way in which New Homes Bonus received from the Government is used.
- The allocation of financial contributions made to the Council under Section 106 Legal Agreements linked to planning approvals.
- The progress made in reducing subsidy levels to leisure centres.
- The possible implications of measures to reduce carbon emissions and tackle climate change on the Council's income and expenditure.

Agreed:

1. That the Accounting Policies selected and applied by the Council (as required by International Accounting Standard No. 8: Accounting Policies, Changing in Accounting Estimates and Errors), set out in Note 2 of the Statement of Accounts, be approved.
2. That the Council's Audited Statement of Accounts 2018/19 be approved.
3. That the major variations in expenditure and income, the proposed slippage and the resulting impact on the level of the Council's reserves and balances at 31 March 2019 be noted.

23 Management Representation Letter 2018/19

The Head of Finance submitted the Management Representation Letter for 2018/19, the content of which had been determined by Deloitte. Paul Hewitson, on behalf of the Council's external auditors Deloitte, said that the wording of the letter confirmed items that the council's management were already aware of and was the standard letter apart from the reference to the McCloud/Sergeant court case. In relation to the recent McCloud/Sergeant court Judgement (pensions) he said that Deloitte were satisfied that the accounts were not materially misstated.

Agreed that the contents of the Management Representation Letter for 2018/19, be noted and that the Chairman of the Audit Committee and the Head of Finance be authorised to sign it and send it to Deloitte.

24 Report of those charged with governance (ISA 260) 2018/19

Paul Hewitson submitted the External Audit (ISA 260 Report) for Wyre Borough Council for 2018/19. He highlighted that this was Deloitte's first year as Wyre's external auditors. He commended the council for how smoothly the compilation of the report had gone and to the fact that the Council had met the statutory deadline of 31 July 2019 for the finalisation of accounts.

He provided Committee Members with an overview of the report and summarised the conclusions from the testing undertaken for the Authority. In the report, three main significant risks had been identified:

- Completeness and cut off of service line expenditure - as there was an inherent fraud risk associated with the recording of expenditure in order for the Council to report a more favourable year-end position. When the controls had been reviewed and following focused testing around provisions, there had been no findings to report.
- Property valuation - as the determination of property valuation has highly subjective and there was a risk the value of property assets materially differed from the year-end value. He explained that Deloitte's in house team had looked into the valuations and found no significant changes to procedure.
- Management override of controls - in particular, judgements taken by managers during the year around accounting estimates, any significant transactions and the journals process. He explained that, when looking a sample of adjustments and the reasons for them had been reviewed, no anomalies had been found.

There were also three minor areas of insight/management recommendation highlighted in the report:

- IT environment observations,
- Assessment of assets not subject to formal revaluation in the year,
- Property valuation observations.

Paul Hewitson confirmed that, although these findings had been highlighted, they did not warrant a classification as a significant risk and he said that, in comparisons to other audits, Wyre had fared well.

He brought to the committee's attention a potential misstatement that had been identified in the Council's accounts to the employer pension's contributions arising from the recent McCloud court case, which was set out in Appendix 1 of the report. The Head of Finance (Section 151 Officer), Clare James, confirmed that the Council had taken appropriate advice and had elected to not adjust the accounts having been satisfied that the accounts were not materially misstated.

Paul Hewitson commended the positive audit and the work of the council's Finance Team as they had produced a good, clean set of accounts.

The Chairman (Cllr McKay) thanked Paul Hewitson and his team for their work.

Agreed that the External Auditors Report to those charged with Governance, (referred to as the ISA 260 report) for 2018/19, be noted.

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Next Meeting

Agreed that the next meeting of the Committee be held at 6pm on Tuesday 19 November 2019.

The meeting started at 6pm and finished at 8.10pm.

Date of Publication: 6 August 2019.

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