

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

19TH MARCH 2018 (6PM)

Present:

Councillors: A T Hingley (Chairman), J A Hart, K Henderson, S Miah,
J A Shaw and H S Williams.

AUD.31 Apologies for Absence

Apologies for absence were received from Councillor
T L Onslow (Vice-Chairman).

AUD.32 Appointment of Substitutes

Councillor J A Hart was appointed as a substitute for Councillor Onslow.

AUD.33 Declarations of Interests by Members

No declarations of interest were made.

AUD.34 Minutes

Agreed: The minutes of the meeting held on 27th November 2017 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.35 Audit Update

Grant Thornton (GT) led Members through the report and advised that it was a slightly different format to previous reports but the content was broadly the same.

Councillor Shaw commented that he considered Members at Wyre Forest to be very well informed regarding risk and governance. However, he queried how a situation similar to that of Northamptonshire County Council could arise. GT advised that Councils will become financially unsustainable when the significant savings are not met. The Corporate Director: Resources advised that the next 5 years will be challenging and that CLT and the Finance team will need to continue to closely monitor risk and proportionality.

Councillor Shaw referred to the commercial approach as a means of funding the financial gap. Councillor Shaw recognised that most local authorities are now in a position where a more commercial approach is taken but expressed concern at this approach as there is a risk attached to it. Councillor Shaw did note that he was satisfied that this Council was being as diligent as it could be

regarding this approach.

Councillor Miah asked if officers were sufficiently equipped to deal with the changes that are due with regard to General Data Protection Regulations (GDPR), the Prudential Codes and the Treasury Management codes. The Corporate Director: Resources advised that the authority has a dedicated officer for GDPR and there is a structured programme of training in place. With regard to the changes to the Prudential, Treasury Management codes and Investment Guidance, the Corporate Director: Resources has taken the decision to refresh the Capital Strategy earlier than required in order to capture the changes that affect the District Council. The changes are not without risk and the role of the Section 151 Officer is to make members fully aware of those risks.

Councillor Hingley noted that the authority is in changing times and it is the role of the Audit Committee to keep abreast of any changes and be satisfied that the authority is well prepared.

The report was noted.

AUD.36 Informing the Audit Risk Assessment

GT led Members through the report and advised that it formed part of the Audit process. GT explained that the questions are completed by management and it is the role of the Audit Committee to confirm that the answers are consistent with what they would expect.

Councillor Miah queried who set the questions as he commented that they are quite generic and asked if they needed to probe further. GT explained that the questions are set centrally by GT and are based on requirements to meet auditing standards.

Councillor Shaw commented that the reports suggest the authority is in a very satisfactory position.

Councillor Hingley welcomed the new layout as she considered it to be particularly useful for Members.

Councillor Miah asked how the responses were collated and who has overall responsibility for them. The Corporate Director: Resources advised that the Accountancy team work on the responses collectively and they are authorised by the Section 151 Officer and the Solicitor to the Council. Councillor Miah queried whether answers could be incorrect. The Corporate Director; Resources confirmed that the answers are correct based on all the evidence and knowledge available and have been reasonably assessed. A 100 percent guarantee of accuracy cannot be made, for example in respect of there being no fraud as this could be present but not detected. However the assurances given were based on governance arrangements, systems and processes based on evidence and could therefore be considered to be reasonable.

Councillor Hingley commented that she had complete faith in the team and trusted that an appropriate report would be provided to Members if there was

any area for concern.

Agreed: The Committee confirmed Members' understanding of the risk assessment.

AUD.37 Grant Thornton – the Audit Plan for Wyre Forest District Council

GT led Members through the report and highlighted that Wyre Forest District Council did meet the earlier deadline for the closure of accounts last year. This year the earlier deadline is now statutory so will apply to all authorities .

Councillor Miah made reference to the statement in the report that “where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site”.

Councillor Miah asked GT to confirm if this was to be taken literally. GT advised that if a technical issue was the cause of the delays then they would work with the authority to resolve the issue. However, if GT were to arrive on site and the authority was not prepared and not committed to engage with the process, then GT would have to consider moving their resources to another authority who were ready for their audit to be completed.

Councillor Miah asked if we have a contingency in place for the deadline date not being met, albeit this being unlikely. The Corporate Director: Resources advised that extra resource would be allocated to the team and priorities reassessed in order to meet the deadline.

Councillor Hingley remarked that it gave her confidence that the external auditors would be prepared to remove their support as this shows their diligence.

The report was noted.

AUD.38 Certification Report

GT advised that the certification work was completed in November 2017. There were fewer issues this year than in previous years and no fee variations are proposed.

Councillor Miah asked if there had been any response from DWP. GT advised that they would be asked to confirm work undertaken and as they have not heard anything from DWP at this stage it is unlikely that they will make contact.

The certification report was noted.

AUD.39 Internal Audit – Audit Plan 2018/19

The Audit Manager led Members through the report which has been prepared with consideration to the UK Public Sector Internal Audit Standards and explained that this complements the GT plan for 2018/19 highlighting the presentational changes linking the audit plan to the Corporate Risk Register and also the Council's Corporate Plan.

The Audit Committee agreed to:

- 2.1 Approve the Internal Audit – Annual Audit Plan 2018/19**
- 2.2 Approve that the Section 151 Officer may amend the plan in consultation with the Audit Manager in light of developments arising during the year as described in paragraph 3.6 of the report.**

Internal Audit Monitoring Report Quarter Ended 31st December 2017

The Audit Manager led Members through the report and highlighted the work done to date.

Councillor Shaw commented that he was impressed at the level of detail that the Audit team investigated issues to and advised that he felt this to be very reassuring.

The Audit Committee agreed:

- 2.1 The Internal Audit Monitoring Report for the Quarter ended 31st December 2017.**

AUD.40 Annual Governance Statement

The Corporate Director: Resources led Members through the report and explained that the report comes to the Audit Committee every year so progress can be monitored.

Councillor Hingley led Members through the Appendix page by page and welcomed questions from the Committee.

Councillor Shaw referred to page 113 of the agenda and asked for clarification regarding member involvement. The Corporate Director: Resources explained that, as decisions need to be made quickly, smaller Cabinet and Overview and Scrutiny sub committees have been set up. This enables the Sub Committees to be brought together at short notice so proposals can be scrutinised and a decision reached in a timely way. The Corporate Director: Resources advised that although the sub committees are made up of a smaller group of members the usual process is followed. All members are sent copies of the agenda and associated reports and all members are welcome to attend the Sub Committees to observe. Councillor Shaw thanked the Corporate Director: Resources and said he now had greater understanding of the process.

Councillor Williams advised that the report that was considered at a recent sub-committee was approved and he felt the process works very well in getting decisions made quickly.

The Audit Committee agreed:

- 2.1 To approve the progress against the Annual Governance Statement Action Plan 2016/17.**

AUD.41 Risk Management

The Corporate Director: Resources led Members through the report.

Councillor Hingley led Members through the Appendix page by page and welcomed questions from the Committee.

Councillor Hart asked what the outstanding 5.6% in collection rates amounted to in monetary terms. The Corporate Director: Resources advised that she would work out the figures exactly and circulate them after the meeting.

Post meeting note:

In response to Councillor Hart's query on Item 12- Corporate Risk Register, page 121 of the agenda as to what the percentage of unpaid Council tax amounted to in monetary terms, please see response from Tracey Southall below:

On 1st Feb 18 Council Tax collection rates were 94.4%. This equates to £3,094,131 in unpaid Council Tax across all preceptors. WFDC share @ 12% = £371,295

On 1st Mar 18 Council Tax collection rates were 95.83%. This equates to £2,304,651 in unpaid Council Tax across all preceptors. WFDC share @ 12% = £276,558

All efforts are being made to collect as much as possible against current year debts by 31st March and, in addition to the reported in year collection rates, the team have recovered an additional £1.1m in previous year's arrears.

Councillor Williams asked if the authority was still assured using Kaspersky following the recent media attention. The Corporate Director: Resources advised that the ICT Manager was confident that Kaspersky could still deliver what the authority required. The Corporate Director: Resources assured the committee that the media attention had not gone unnoticed and that it had prompted discussions on options with the ICT Manager.

The Audit Committee agreed:

- 2.1 To note the Corporate Risk Register and the associated mitigating actions as at 31st January 2018 and the 2018/21 Budget Risk Matrix.**

AUD.42 Any other business

Councillor Hingley advised that this would be her last Audit Committee meeting as she was retiring from service with the District Council in May. Councillor Hingley wished the Audit Committee well for the future.

On behalf of herself and other officers, the Corporate Director: Resources gave thanks for Councillor Hingley's diligence with regard to the Audit

Committee.

The meeting ended at 7.15pm.