

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER**

30TH MAY 2018 (6PM)

Present:

Councillors: H S Williams (Chairman), T L Onslow (Vice-Chairman), N Harris, K Henderson, A Totty and G Webster.

Observers:

Councillors: N J Desmond and J A Shaw.

AUD.1 Apologies for Absence

There were no apologies for absence.

AUD.2 Appointment of Substitutes

There were no appointment of substitutes.

AUD.3 Declarations of Interests by Members

No declarations of interest were made.

AUD.4 Minutes

Agreed: The minutes of the meeting held on 19th March 2018 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.5 Internal Audit Monitoring Report Quarter Ended 31st March 2018

The Committee considered a report from the Audit Manager which informed Members of the Internal Audit Monitoring Report for the quarter ended 31st March 2018.

Councillor N J Desmond entered the meeting at this point, (6.05pm).

The Audit Manager outlined the contents of the report, which included details of internal audit reports issued in the quarter together with follow up reviews. A discussion ensued and in response to a Member's question, the Audit Manager confirmed that 20 contingency days had been factored into the Audit Plan. The contingency days were there to allow the team to deal with any ad-hoc queries which arose during the year and gave a degree of flexibility if additional unforeseen work was required on planned internal audits.

Agreed: The Internal Audit Monitoring Report for the Quarter ended 31st March 2018 as detailed in the Appendix to the report be noted.

AUD.6 Outcome of the External Quality Assessment for the Internal Audit Service

The Committee received a report from the Corporate Director: Resources and Audit Manager on the outcome of the external assessment of the internal audit service against the UK Public Sector Internal Audit Standards.

The Corporate Director: Resources advised Members that this was the first report of its kind to be presented to the Committee. The review of the service was a mandatory requirement under the Standards which stipulated that an external assessment of the service be conducted once every 5 years by a qualified independent assessor or assessment team. The Council adopted the standards from April 2013, therefore the review had to be undertaken by 31st March 2018. She added that overall the outcome of the assessment was very positive and the implementation of the agreed recommendations would ensure that the service remained compliant and followed best practice.

The Audit Manager outlined the contents of the final report which detailed the methodology used and included a summary of the findings, the recommendations and an action plan. The Audit Manager was happy to advise that no areas of non-compliance with the Standards had been identified that would impact on the operation of the Internal Audit function. She assured Members that a pro-active approach would continue to be taken in relation to the on-going improvement of the service she and her team delivered.

A discussion ensued and a Member questioned if it was cause for concern that there had been no reviews undertaken into the effectiveness of the Audit Committee. The Corporate Director: Resources said this was merely an observation point in the review and it may be an area to look at in the future. The Chairman said that at its meeting on 23rd May 2018, Council agreed to appoint an Independent Person to the Audit Committee as a pilot for 2018/19. The Independent Person would be a non-voting Member, and have the relevant expertise to support the Committee with its governance role.

Agreed: The outcome of the external assessment of Internal Audit by Tilia Solutions and the supporting action plan for future implementation be noted.

AUD.7 Internal Audit Annual Assurance Report 2017/18

The Committee received a report from the Audit Manager which sought approval of the Internal Audit Annual Assurance Report for 2017/18. The Corporate Director: Resources advised Members that the report would feed into the Annual Governance Statement which was published as part of the Statement of Accounts. She said that she agreed with the assurance given by the Audit Manager.

The Audit Manager led Members through the report and advised that it was her personal opinion that reasonable assurance could be given on the effectiveness of the Council's internal control environment.

The Audit Manager advised that the annual assurance report had also been revised in line with the external assessment of the internal audit service to clearly define the organisational independence of the Audit Manager.

Agreed: The Internal Audit Annual Assurance report for 2017/18 attached as Appendix 1 of the report be approved.

AUD.8 Annual Governance Statement 2017/18

The Committee received a report from the Corporate Director: Resources which sought approval of the Annual Governance Statement and Annual Governance Action Plan 2017/18 for inclusion in the Statement of Accounts.

The Corporate Director: Resources led Members through the report which presented the current position in relation to the action plan which had been developed to address the significant governance issues identified for 2017/18.

Members considered each of the seven issues in turn. The Corporate Director: Resources advised that a lot of due diligence work had been undertaken in relation to the implementation of the new policies for the £10m Development Loans Fund and £25m Capital Portfolio Fund, she was confident that all necessary processes and governance arrangements were in place for the authority to utilise the money throughout the year effectively.

In response to a Member's question relating to Information Governance (IG) Group, the Corporate Director: Resources confirmed that the IG Working Group met every quarter. She added that the Council's insurers, Zurich Municipal, had undertaken a review into IG and the group were currently working through the series of recommendations which Zurich had made.

A Member suggested that it would be appropriate for the Audit Committee and Internal Audit Section to be included in the Governance Framework diagram on page 60 of the committee report.

In response to Members' queries regarding capital projects. The Corporate Director: Resources explained that every individual project came with its own set of risks, and not all development sites had the same level of complexity. Unfortunately some issues were unknown at the outset and only came to light as the project progressed and detailed investigations undertaken. In those instances, it would be the responsibility of the Lead Director and their project management team to respond and review plans accordingly. The responsibility of the Audit Committee was to review and monitor corporate governance processes.

She assured Members that wherever possible, lessons learned, both positive and negative, from one project would be fed into other projects.

Members were advised that the final Statement would be presented to the Committee for approval in July 2018.

Agreed: The Annual Governance Statement including the Annual Governance Action Plan 2017/18 attached at Appendix 1 of the report be approved.

AUD.9 Statement of Accounts 2017/18

The Committee received a report from the Corporate Director: Resources

Agenda Item No. 4

which asked Members to consider a pre-audit copy of the Council's Statement of Accounts for the financial year 2017/18.

The Corporate Director: Resources outlined the contents of the report and advised Members that there was no statutory duty to bring the pre-audit copy to Committee for endorsement, it was considered best practice and the Council's external auditor, Grant Thornton (GT) had until 31st July 2018 to complete the audit.

The Financial Services Manager led Members through the statement and gave a detailed summary of the key issues. She advised that the accounts would be made available for public inspection for a period of 30 days between 1st June to 12th July 2018. She thanked the Financial Services team for all their professionalism and hard work in producing the accounts.

In response to a Member's question, the Corporate Director: Resources confirmed that a copy of any amendments made to the pre-audit accounts would be reported back to the Committee. Members acknowledged the amount of work which had gone into the documents and commended the Corporate Director: Resources and her team for their excellent work.

Agreed:

- 1.1 The pre-audit Statement of Accounts approved by the Corporate Director: Resources, be endorsed.**
- 1.2 The Corporate Director: Resources be authorised to make minor changes to the copy of the Statement of Accounts endorsed in 1.1 above, prior to the statutory pre-audit deadline of the 31st May, should this be necessary.**

Councillor N Desmond left the meeting at this point, (7.21pm).

AUD.10 External Audit Fee Letter 2018/19 and Verbal Progress update on 2017/18 Audit

The Committee received an update on the 2017/18 audit. The Engagement Manager (GT) advised Members that they were where they wanted to be in the audit plan and were scheduled to be on site for three weeks commencing on Monday 4th June 2018. She added that a lot of detailed preparatory work had been carried out and they were looking forward to starting the audit.

The Engagement Lead (GT) presented the External Audit Fee Letter 2018/19. He advised Members that following the Council's decision in December 2016 to opt into the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors for 5 years commencing from 2018/19, there had been a 23% reduction in the individual scale fees from what was applicable for 2017/18.

Agreed: The update be noted.

There being no further business, the meeting ended at 7.30pm.