

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

30TH JULY 2018 (6PM)

Present:

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

AUD.11 Apologies for Absence

Apologies for absence were received from Councillor A Totty.

AUD.12 Appointment of Substitutes

Councillor S Miah was appointed as a substitute for Councillor Totty.

AUD.13 Observers

Councillor N J Desmond attended as an observer.

AUD.14 Declarations of Interests by Members

No declarations of interest were made.

AUD.15 Minutes

Agreed: The minutes of the meeting held on 30th May 2018 be confirmed as a correct record of the meeting and signed by the Chairman.

The Corporate Director: Resources advised that there had been no interest as yet in the role of the Independent Person for Audit Committee. It was advised that the role would be advertised again but not immediately.

AUD.16 Audit Findings Report for Wyre Forest District Council – 2017/18 Accounts

Grant Thornton (GT) led members through the report which detailed the findings of the audit of accounts for 2017/18. GT highlighted that it was a big challenge to complete the audit by the earlier deadline date and congratulated the team for completing the audit in time. GT advised that there were only very minor changes to the accounts as a result of the audit and no significant risks were highlighted.

Councillor Miah queried the accounting policies and the difference in date and asked GT if it was anything the Committee should be concerned with. GT

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advised it was common practice for authorities to have a valuation done as at 1st April rather than 31st March and isn't a concern this year as the figures are not drastically different. GT did advise that it is something that authorities need to be mindful of in ensuring there is no significant difference with the figures between these two dates. The Principal Accountant confirmed that the necessary reviews were undertaken to confirm that there had been no significant changes to the figures.

Councillor Miah asked if the Committee needed to be concerned about the £76,000 overstatement. GT assured the Committee that this had only been reported to them as it had not been adjusted in the accounts but confirmed that this was quite usual.

Councillor Onslow noted that GT had given an Unqualified Audit Opinion and asked if this meant that the authority was in control of its finances and taking the necessary action to protect the authority for the future. GT advised that the opinion applies to this year only so they are not in a position to give any assurances for future years. However, GT had given a clear value for money opinion and had not found any issues of significant risk.

Councillor Onslow asked for clarification as to what is meant by materiality. GT explained that materiality refers to the level set where it is considered users understanding of the accounts would be affected.

Councillor Onslow asked about how the Heritage Assets overstatement referred to in the GT report had occurred. The Principal Accountant explained that usually figures excluded VAT but some additional figures that were obtained did include VAT and so resulted in the overstatement.

The Chair of the Committee thanked GT for their comprehensive report.

The report was noted by the Committee.

AUD.17 Statement of Accounts 2017/18

The Corporate Director: Resources led members through the report which present the changes that have been required to the Statement of Accounts for 2017/18 following the audit undertaken by Grant Thornton. The wording for the Letter of Representation was also considered for approval.

The Corporate Director: Resources highlighted the welcome under spend which allowed reserves to be boosted. It was highlighted that the authority has a good track record of closing funding gaps successfully and so The Corporate Director: Resources advised she was cautiously optimistic.

The Finance Manager led members through the Pre-Audit Statement of Accounts and highlighted some of the key areas of interest.

Councillor Onslow queried the figures regarding liabilities within the simplified balance sheet within the report and the balance sheet within the statement of accounts. The Principal Accountant provided an explanation with regards to these figures.

Councillor Onslow highlighted that the cemetery is not mentioned in the narrative report and felt it should be mentioned in the future as it was a statutory duty. The Corporate Director: Resources advised that it would be included in the narrative in future accounts.

Councillor Onslow asked for clarification regarding what has changed in the highlighted column on page 38 of the Statement of Accounts. The Principal Accountant confirmed that further explanation had been added to the column.

Councillor Onslow asked about the reserves for Municipal Mutual Insurance Ltd. The Corporate Director: Resources advised that this was a previous insurance company used by the authority and so reserves are held for any potential claims that may come through.

Agreed:

The Revised Statement of Accounts be approved.

The Letter of Representation for 2017/18 as at Appendix 1 be approved.

GT and The Principal Accountant left the meeting at this point (6.34pm)

AUD.18 Internal Audit Monitoring Report Quarter Ended 30th June 2018

The Audit Manager led members through the Internal Audit Monitoring Report for the quarter ended 30th June 2018 which highlighted the work being undertaken by the team.

Councillor Onslow noted that she was glad to see a full assurance but asked about the overpayments in housing benefits and whether this should have impacted on the full assurance. The Audit Manager explained that the full assurance is at a particular point in time looking at a selection of claims, and that the audit report referred to relating to a review of claims for the Local Council Tax Reduction Scheme and with no requirement for any claims to be reassessed, the assurance given is full. The Audit Manager assured the Committee that had the audit findings required a reassessment of any claim this would be reflected in the audit assurance..

Agreed:

The Internal Audit Monitoring Report for the Quarter ended 30th June 2018 as detailed in the Appendix to the report was noted.

AUD.19 Public Sector Internal Audit Standards Internal Audit Charter

The Corporate Director: Resources introduced the report which informed of the updates to the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards revised April 2016 and April 2017 and that the Charter had been updated following the outcome of the external assessment of the Council's Internal Audit function as a requirement against the UK Public Sector Internal Audit Standards. The Audit Manager updated members on the

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requirement for the Internal Audit Charter and led members through the key changes drawing to members' attention to the table on page 62 of the report which highlighted the 3 key areas to be amended as identified following the external assessment of the Council's Internal Audit Service. The Audit Manager advised members that the Internal Audit Charter had also been updated to reflect the 2017 changes to the UK Public Sector Internal Audit Standards.

Councillor Miah referred to the list of Core Principles for the Professional Practice of Internal Auditing and asked if this was a list devised by the Audit Manager or if it was from other guidance. The Audit Manager confirmed that the core principles were set out within the Standards as compiled by CIPFA and the Chartered Institute of Internal Auditors.

Councillor Miah asked if the changes to the charter had been reviewed by an external body. The Corporate Director; Resources advised that the results hadn't been looked at externally but assured the Committee that the recommendations of the recent external review were very prescriptive and were reflected in the changes.

Councillor Webster asked who would take responsibility for deciding what changes to the Audit Plan would be reported to the Audit Committee. The Audit Manager advised that the work of the Audit team would be discussed closely with the Corporate Director: Resources and any changes to the Audit Plan would be reviewed in consideration of resources and the standards and significant changes would be reported to the Committee as necessary.

Agreed:

The Audit Committee approved the updated Internal Audit Charter as at Appendix 1 of the report.

Councillor Desmond left the meeting at this point (approximately 6.50pm)

AUD.20 Counter Fraud Arrangements 2018/19

The Corporate Director: Resources introduced the report regarding the Counter Fraud arrangements for 2017/18 and 2018/19. The Audit Manager led members through the report highlighting the outcomes of both the Corporate Fraud Officer and Compliance Officers, and drawing members attention to those national issues affecting the Council around procurement and cyber crime to be included in the rolling anti fraud action plan.

Councillor Onslow highlighted the work that the IT team are doing to stop cyber crime attempts and protect the servers and the data that is held on them. Councillor Onslow requested that the thanks of the Committee be passed on to the IT team for their continued hard work in this area.

Councillor Miah asked if there was sufficient resource and training available for employees regarding this issue. The Audit Manager advised that there is a Fraud page on the intranet and there are regular features in Wyred Weekly. The Corporate Fraud Officer also receives regular updates from the National

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Fraud intelligence Bureau and the National Anti Fraud Network, and where relevant, specific details are e-mailed to relevant officers. Training has also been provided by the Lloyds Bank Fraud Team to Service Managers to raise awareness. The Audit Manager advised that the resource level is currently sufficient but the Corporate Director: Resources did advise that increased resource on a temporary basis would be considered by CLT if a significant issue arose.

Agreed:

The report and rolling anti-fraud action plan was noted.

The meeting ended at 7.02pm.