

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,  
KIDDERMINSTER

26TH NOVEMBER 2018 (6PM)

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**Present:**

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

Bodrul Zzaman – Independent Person

**AUD.21 Apologies for Absence**

Apologies for absence were received from Councillor N Harris.

Councillor Webster entered the meeting at 6.02pm

**AUD.22 Appointment of Substitutes**

Councillor P Harrison was appointed as a substitute for Councillor Harris.

**AUD.23 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.24 Minutes**

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

The Chair of the Committee welcomed Bodrul Zzaman, Independent Person, to his first meeting of the Committee. He advised that this appointment was a non-voting role although the Independent Person was welcome to take an active part in the meetings and contribute to the business of the committee.

**AUD.25 Audit Update Report**

Following an introduction to by the Chair of the Committee, the newly appointed Engagement Lead, Peter Barber, Audit Director of Grant Thornton (GT) gave a brief summary of his background and experience of working with the public sector. He said that he worked closely with the former Engagement Lead to the Council, Richard Percival, which assured continuity and that he was looking forward to working with Wyre Forest District Council.

The Engagement Lead, (GT) advised Members that the planning process for the 2018/19 had begun with detailed work to follow later. There would be meetings and workshops from which a plan would be developed and brought to the Committee for their consideration.

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In the meantime Grant Thornton would continue to hold regular discussions with the Corporate Leadership Team to inform the risk assessment for the 2018/19 financial statement and value for money audits.

The Engagement Lead (GT) introduced the external auditors' Audit Progress Report and Sector Update Report which also included a summary of emerging national issues and developments which could be relevant to Wyre Forest District Council.

Councillor Onslow asked about the frequency of meetings with the Corporate Leadership Team (CLT) and political leadership. The Corporate Director: Resources confirmed that there was a close working relationship with Grant Thornton with regular meetings and contact including quarterly invitations to CLT. She said that if there were innovative or new issues which could have a possible risk element to the audit, these were always referred early to ensure the technical team was involved if appropriate.

The Engagement Lead (GT) confirmed that all contact was encouraged and referred Members to the contact details on the Report.

Councillor Onslow asked about the financial resilience index proposed and consulted on by the Chartered Institute of Public Finance and Accountancy (CIPFA) and whether this council responded.

The Corporate Director: Resources confirmed that there had been a consultation response. There were some concerns about the proposals across the local government sector but there was some more work to be done and further details to be issued following the consultation process.

Independent Person Bodrun Zzaman asked for further information about the time-scales regarding the Fair Funding Review. The Engagement Lead (GT) advised that the current plan is for the new funding system to be in place from 2020-21 but the exact details and timetable are as yet unclear. The Corporate Director: Resources confirmed that this was the biggest unknown area in the Medium Term Strategy. The Council would expect to know more about 2020 on 6<sup>th</sup> December and Members would be advised when there was more information.

The Chair said that it was important that there was good communication between the Auditors, Councillors and Officers and expressed the Committee's appreciation for the Report.

**The Audit Update Report and the new Engagement Lead were noted by the Committee.**

### **AUD.26 Annual Audit letter for Wyre Forest District Council – 2017/18 Accounts**

Grant Thornton presented the Annual Audit Letter, confirming the findings of the audit of accounts for 2017/18. Issues arising from the audit of the accounts had previously been reported to the Committee and the certificate of audit closure/Audit Opinion had been issued on 30<sup>th</sup> July. It was confirmed that

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Grant Thornton had issued an unqualified Opinion. The Committee were advised that although the deadline had been brought forward, the final audit had gone well.

Members attention was drawn to the item Certification of Grants, mentioned within the Audit Letter. These would be completed by the end of November.

In conclusion it was noted that there had been a good level of cooperation between the external audit team and Council's officers including the finance team, throughout the audit process.

The Chairman expressed appreciation for the Annual Audit Letter and the work of retiring Engagement Lead (GT) prior to his hand-over. He commended the Council's officers who had assisted with the audit for their co-operation.

**The Annual Audit letter was noted by the Committee.**

### **AUD.27 Internal Audit Monitoring Report Quarter Ended 30<sup>th</sup> September 2018**

The Audit Manager/S151 Officer led the Committee through the Internal Audit Monitoring Report, for the quarter ended 30<sup>th</sup> September 2018, which indicated progress on the work being undertaken by the team. The Audit Manager said that overall it was very positive and drew Members' attention to the reviews with full assurance level and the more detailed summary of reviews in progress to indicate what the committee could expect over the next two quarters.

In response to a query from the Chairman regarding the spike shown for System and Probity work in the Year to Date performance figures against the Annual Plan, the Audit Manager confirmed this was seasonal and would be evened out by quarter 4.

Councillor Onslow raised a query regarding the number of recommendations made compared with the number implemented in respect of Elections and Electoral Registration 2017-18. It was confirmed that these would all be in place by the time of the elections in May 2019. The Audit Manager said that this was a cyclical audit looked at every 3 years but if that time gap were of concern, consideration could be given to revisiting this on a risk-basis, to ensure the Audit Committee were kept fully appraised.

Following an additional question from the Independent Member on the detail of the recommendations from the Elections review, the Audit Manager advised that the overview of this audit had been presented to the Audit Committee at the time of completion.

Councillor Webster sought clarification on the Comparison of Audit Consultancy and Advice figures over the previous three years. The Audit Manager confirmed that, these had been shown in this format, to put into context what had been looked into by the audit team in response to requests for assistance and clarification.

**Agreed**

**The internal Audit Monitoring Report for the Quarter ended 30<sup>th</sup> September 2018 as detailed in the Appendix to the report was considered and noted.**

**AUD.28 Quality Assurance Improvement Programme for the Internal Audit Service**

The Corporate Director: Resources introduced a report to the Committee on progress against the improvement plan in line with the external assessment of the Internal Audit Service, against the UK Public Sector Internal Audit Standards.

The Corporate Director: Resources advised the Committee that this was a new report where the Internal Audit Service is required to maintain a Quality Assurance Improvement Programme. She confirmed that this cost had been accounted for in the Council's approved budget.

The Audit Manager led the Committee through the two Appendices to the Report which set out the requirements for the Internal Audit Service to ensure performance and compliance against the standards is managed in a structured manner and outlines the procedures in respect of internal and external assessments. The Audit Manager led members through progress against the Action Plan 2018 that had been the outcome of the required independent external assessment of Internal Audit. The Audit Manager advised that the Internal Audit Service would continue to self assess and the outcome would be reported as part of the annual report to the Committee in May. The Audit Manager confirmed that external assessments needed to be conducted at least once every five years.

Councillor Onslow requested that in future, the Action Plan be rated with a red, amber, green (RAG) rating for ease of reference for the Committee to confirm when actions had been completed. The Audit Manager said she would do this.

The Committee noted that there were no major concerns arising in respect of this new Report.

**Agreed:**

**The Audit Committee approved the Internal Audit Quality Assurance Improvement Programme as attached at Appendix 1 of the Report.**

**The Audit Committee noted the update on the implementation of the actions arising from the External Assessment of the Internal Audit Service as attached at Appendix 2 of the Report.**

**AUD.29 Risk Management**

The Corporate Director: Resources led Members through the report which informed them of the current Corporate Risk Register and the Budget Risk Matrix. She advised that this was presented to Audit Committee twice a year as part of the overall governance framework and was reviewed regularly by CLT. She said that the Council's insurers were interested in the key risks; they

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always had a copy of the report and worked with the leadership team on key areas to mitigate risk.

The Corporate Director: Resources drew members to the cyber risk issues. She referred members to the Budget Risk Matrix at Appendix 2 (this is included in the MTFS) in respect of this. Members noted that there was less work involved when risk was being managed well. She referred to the Council needing to make informed decisions on the basis of risk and not necessarily being risk averse but risk aware, which was the objective of the Corporate Risk Register.

She also referred to the difficulty the Council experienced in achieving an appropriate percentage of affordable housing in new developments. She said this was a challenging area but not confined to this District Council.

She asked the Committee to accept her apologies and note a revision to page 65 of the Agenda: the first page of Agenda Item 9, Appendix 1, and the first mitigating action to CORPRISK01. The latest note under mitigating actions should say 50% complete not 0% as printed on that page.

There followed some discussion about the general ICT risks and the steps in mitigation of these. Members noted the concerns over network security, which continued to be very challenging with limited resources. The Corporate Director: Resources said there had been steady progress in this area.

It was noted that the overall picture was positive in the way the Council was managing risk, although concerns for the future remained around the funding gap and addressing fast-paced changes in ICT.

In response to queries raised, the Corporate Director: Resources confirmed there was currently no specific mention of Brexit within the Risk Register but she would consider adding this. She noted Members' concerns raised regarding out-of-district property investments (within the two LEPs' geography) and confirmed this as current council policy. She reiterated that risk was evaluated as part of the business case for each proposed acquisition, on which officers would explain risk when making recommendations to ensure Members were fully informed as part of the decision making process. She said that the Risk Register sought to mitigate risk but clearly could not remove all risk.

**Agreed:**

**The Audit Committee considered and noted the Corporate Risk Register and the associated mitigating actions as at 30<sup>th</sup> September 2018 and the 2018/21 Budget Risk Matrix.**

The Chairman expressed thanks to Grant Thornton for their services and the team who had worked together in a positive way. He extended the Committee's appreciation and good wishes to the outgoing Audit Lead, Richard Percival of Grant Thornton for his contribution.

**There being no other business, the meeting concluded at 7:06pm.**