

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

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

**29TH JULY 2019 (6PM)**

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**Present:**

Councillors: A Totty (Chairman), S E N Rook (Vice-Chairman), B S Dawes, P Harrison, A L L'Huillier, S Miah and P W M Young.

Councillor G W Ballinger attended as an observer.

**AUD.10 Apologies for Absence**

Apologies for absence were received from Councillors: V Caulfield and N J Desmond and from B Zzaman, Independent Member.

**AUD.11 Appointment of Substitutes**

Councillor P Harrison was appointed as a substitute for Councillor N J Desmond and Councillor S Miah was appointed as a substitute for Councillor V Caulfield.

**AUD.12 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.13 Minutes**

**Agreed: The minutes of the meeting held on 29th May 2019 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.14 Audit Finding Report for Wyre Forest District Council – 2018/19 Accounts**

The Committee received a report from the Grant Thornton (GT) Engagement Lead, detailing the findings of the audit of accounts for 2018/19. He led Members through the financial statements and the value for money arrangements and informed them that the outstanding items mentioned in the report were now completed and there were no additional issues or concerns to be raised.

He advised that it had been a challenging year with increased scrutiny due to high profile developments such as the collapse of Carrillion and this meant that GT had responded to these circumstances and asked additional questions of Officers to ensure confidence in the systems.

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He stated that the report was positive and gave a clean opinion of Wyre Forest District Council (WFDC) accounts and GT were satisfied that WFDC have procedures in place for offering value for money.

He explained the revenue cycle and management override controls to Members and advised that when approving the signing the accounts they needed to focus on the audit risks that were included in the plan put before the Committee earlier in the year.

WFDC made significant capital expenditure in 2018-19 on the acquisition of Capital Portfolio Assets and as part of the audit the asset was challenged by GT and there was extensive dialogue with Officers. Based on evidence provided GT agreed that these acquisitions support the wider Functional need of the Council.

He explained that there had been considerable work done on the pension fund net liability. The McCloud ruling had been referenced and, following discussion with Officers, the position had been updated and the figures revised in the final accounts.

Grant Thornton were satisfied that an under spend in the accounts could not have been anticipated for and work had gone into ensuring the budget was robust to avoid under spend which had been mentioned in the peer review. They felt that Officers were delivering well against the significant savings that were needed and that WFDC were in a good position to face the challenges ahead and noted the increase in reserves to provide resilience which was very positive. The asset portfolio was discussed and GT encouraged constant review.

There was a proposed increase in GT fees for the year to reflect the additional work that would be involved in the pension fund and PPE evaluation. The Engagement Lead addressed recent criticism of GT based on a review of their commercial audits and informed Members that improvements had been put in place to improve the quality of their work and they were taking the concerns very seriously.

The Engagement lead answered Members questions on performance materiality amounts and a detailed discussion took place around property purchases outside of the Authority area.

**Decision: The report was noted by the Committee.**

### **AUD.15 Statements of Accounts 2018/19**

The Corporate Director: Resources presented a report on the Statement of Accounts 2018-19 highlighting the changes that were required to the accounts following the audit undertaken by Grant Thornton.

Members were also asked to approve the letter of representation to the auditors.

The draft Statement of Accounts were endorsed by the Audit Committee on the

## Agenda Item No. 4

29<sup>th</sup> May 2019 and the minor issues that were raised by the Auditors have been amended. This has meant that WFDC are in a positive position moving forward. It has been a challenging year due to the national landscape which has resulted in extra work for Officers. All teams have worked well together and the Corporate Director: Resources offered her thanks to her team and Grant Thornton for the work that had gone into the accounts.

The Corporate Director: Resources gave Members background detail to the accounts highlighting changes that had been made. The document had been shared with Officers and Members for full transparency. There had been no public requests to inspect the documents but there had been request from a journalist from Leicestershire which she was happy to accommodate.

The accounts will be available on the WFDC website when approved.

### Agreed:

**1.1 The Revised Statement of Accounts for 2018/19, including the revised Annual Governance Statement included on pages 38 to 49 of the full document be approved.**

**1.2 The Letter of Representation for 2018/19 as at Appendix 1 of the report be approved.**

6:50pm – the Principal Accountant, Financial Services Manager and the Engagement Lead and Engagement Manager from Grant Thornton left the meeting at this point.

### **AUD.16 Internal Audit Monitoring Report Quarter Ended 30<sup>th</sup> June 2019**

The Audit Manager presented the Internal Monitoring Report for the quarter ended 30<sup>th</sup> June 2019. She led Members through the report page by page explaining the risk assessment system and the audit resource statistics in more detail.

Councillor Rook asked questions around the comparison of ad-hoc audit consultancy and advice data. The Audit Manager explained that the number of enquiries around accounts payable and procurement had increased in this quarter 2019/20 with a request to log all enquiries to the team as the previous post holder for Accounts Payable had moved across to audit, so moving forward this would demonstrate audit adding value and continuing to improve procedures.. Income enquiries were dropping each year because of changes in how money was collected and the system working well. Payroll enquiries were also dropping and she explained this was due to a Payroll Officer from Redditch being based at Wyre Forest House for part of each week which had reduced the issues between the two sites.

Councillor Ballinger asked what plans were in place to move HR out of a red risk assessment. The Audit Manager explained that this was a fluid area that needed to be kept on top of to avoid issues such as ghost employees. It had the potential to be a problem area so classed as red to ensure it was fully supported. She also explained that payroll was monitored closely as it was

managed over 2 sites. This did not automatically mean that problems would arise, just that they were monitoring it closely. The Corporate Director: Resources agreed that although there were never many payroll issues they still wanted there to be less which had been helped by the Redditch Payroll officer being on site.

Councillor Miah offered his thanks to the Audit Manager for the presentation of the information and asked if there was any concern around the security/fraud/error enquiries and was reassured by the Audit Manager that these were just quick ad hoc enquiries

Councillor L'Huillier asked if payroll should be classed as more of a risk as it could be open to abuse. The Audit Manager informed the Committee that payroll was audited each year and that there were robust procedures in place which allowed the risk to be monitored. The Corporate Director: Resources and Audit Manager gave details on the risk assessments for payroll and establishment.

**Decision – The Committee considered and noted the Internal Audit Monitoring Report for the Quarter ended 30<sup>th</sup> June 2019 as detailed in the appendix to the report**

**AUD. 17 Update on the Counter Fraud Arrangements 2019-20**

The Committee received a report from the Audit Manager updating them on the current counter fraud arrangements in place looking back for 2018-19 and forward for 2019-20. She led Members through the report in detail discussing key points and explaining that often issues resulted from genuine errors rather than purposeful fraud but that Compliance Officers worked hard to ensure that these were correctly identified and dealt with and that very few issues turned into major issues.

The Audit Manager and Corporate Director: Resources answered Members questions on the information provided in the report including information on business rates and cyber crime and agreed that information on the pro-active anti-fraud rolling action plan would be brought back to Committee if there was an issue. It was decided that the Committee would be updated twice a year and it would be made clear on the plan that this would happen.

**The report was noted.**

**AUD. 18 Any other business**

The Chairman asked the Committee to consider alternative dates for the Audit Committee for the 2019/20 municipal year. All Members present approved the proposed dates as circulated to Members prior to the meeting.

There being no further business the meeting ended at 7:33pm.