

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

HELD REMOTELY

22ND JULY 2020 (6PM)

Present:

Councillors: A Totty (Chairman), S E N Rook (Vice-Chairman), V Caulfield, B S Dawes, N J Desmond, A L L'Huillier, C Rogers, P W M Young.

Bodrul Zzaman – Independent Person

Observers:

Councillors G W Ballinger, I Hardiman, and L Whitehouse

AUD.34 Apologies for Absence

There were no apologies for absence.

AUD.35 Appointment of Substitutes

No substitutes were appointed.

AUD.36 Declarations of Interests by Members

No declarations of interest were made.

AUD.37 Minutes

Agreed: The minutes of the meeting held on 22nd January 2020 be confirmed as a correct record of the meeting and signed by the Chairman and also the decisions taken under delegation from the cancelled meeting of the 25th March 2020.

AUD.38 Audit Progress Report and Sector Update

The Committee received a progress report from Grant Thornton (GT). The Engagement Manager from GT took Members through the Audit progress report identifying key points. She highlighted that the interim work on site had been completed prior to lockdown and all work since had been completed remotely with the finance team.

6:04pm - Councillor P W M Young joined the meeting at this point.

The Audit Progress Report and Sector Update were noted by the Committee.

AUD.39 Report on the Impact of COVID-19 on Local Authority Reporting

The Committee received an in-depth insight from Grant Thornton on the impact of COVID-19 on financial reporting in the local government sector. The Engagement Lead from GT highlighted to Members key points of the report, including the impact of any reduction of income, financial sustainability and how these effect the medium term financial plan. Members had previously received information on the current situation, including financial stress testing reports, and a recovery framework document. The valuation of non-current assets will be highly impacted and this is the same across the sector.

6:17pm - Councillor L Whitehouse joined the meeting at this point.

The Engagement Lead gave comprehensive answers to questions about the disposal of capital assets, extra external auditing work that may be needed, including the costs involved, and the Council's response to the current situation.

The report on the Impact of COVID-19 on Local Authority Reporting was noted by the Committee.

AUD.40 External Audit Plan Update

The Committee received an update from Grant Thornton on the planned scope and timing of the statutory audit of Wyre Forest District Council. The Engagement Lead from GT informed Members of the changes to the Audit Plan that were needed as Covid-19 has been identified as a significant risk. He detailed how this risk had been responded to.

6:22pm - Councillor I Hardiman left the meeting at this point.

The Engagement Lead responded to a question about the benefits and difficulties of carrying out an external audit when remote working and how this may be addressed in the future if remote working becomes the normal situation.

The External Audit Plan Update was noted by the Committee.

AUD.41 Preparation and Audit of the 2019/20 Statement of Accounts

The Committee received information from the Engagement Lead at Grant Thornton on the preparation and audit of the 2019/20 statement of accounts.

The Preparation and Audit of the 2019/20 Statement of Accounts was noted by the Committee.

AUD.42 2019-20 Accounting Policies

The Committee received a report from the Financial Services Manager presenting the accounting policies for use in preparing the Council's Statement of Accounts for 2019-20 and reviewed the critical judgements used in applying the accounting policies and the assumptions about the future.

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This report presents changes to accounting policies made through the year for approval and critical judgements that have been made. There were no significant changes to accountancy policies but it did include the introduction of new accountancy arrangements for Kidderminster Business Improvement District. The Financial Services Manager explained the challenges faced due to material uncertainty.

Decision:

The committee:

i) approved the Accounting Policies to be used in preparing the Council's 2019-20 Statement of Accounts as Appendix 1 of the report.

ii) noted the critical judgements made by management when producing the Statement of Accounts as at Appendix 2 of the report, and assumptions made about the future and other major sources of estimation uncertainty as Appendix 3 of the report.

AUD.43 Internal Audit - Annual Audit Plan 2020-2021- Addendum

The Committee received a report from the Audit Manager informing Members of an addendum to the Internal Audit – Annual Audit Plan 2020–2021. She explained that the key areas of the internal Audit that were felt to be most impacted by Covid-19 were being revisited and answered questions on the areas identified. Members expressed their gratitude for the comprehensive report.

The Committee considered the addendum to the Internal Audit – Annual Audit Plan 2020~2021 as detailed in the appendix attached to the report.

AUD.44 Internal Audit Monitoring Report Quarter Ended 31st March 2020

The Committee received a report from the Audit Manager informing members of the Internal Audit Monitoring Report for the Quarter ended 31st March 2020. This was the final report for 2019/20 and followed the same format as previous reports. The Audit Manager explained each section of the report and included a section highlighting key aspects from the year.

The Committee considered The Internal Audit Monitoring Report for the Quarter ended 31st March 2020 as detailed in the Appendix to the report.

AUD.45 Internal Audit Annual Assurance Report 2019/20

The Committee received a report from the Audit Manager and Corporate Director: Resources informing Members of the Internal Audit Annual Assurance Report for 2019/20. The Audit Manager took Members through the key items of the report, which consolidated the work of the audit team for the year. She stated that Covid-19 had not impacted the work for 2019/20 but it was important to understand the impact it would have going forward. The Independent Member of the Committee raised a question in regards to the impact to Covid-19 which the Corporate Director: Resources responded to. Councillor Desmond offered his full support to the report and the information

that it provided to the Committee.

Decision:

The Audit Committee approved the Internal Audit Annual Assurance report for 2019/20 as attached at Appendix 1 of the report.

AUD.46 Annual Governance Statement 2019-20

The Committee received a report from the Corporate Director: Resources to approve the Annual Governance Statement declaring the degree to which it meets the Governance Framework for inclusion within the Statement of Accounts. She explained the importance of this statement and why it had been prepared. The Corporate Director: Resources took Members through each page of the report giving further information and answering questions as they arose.

Decision:

The Audit Committee approved the Annual Governance Statement attached at Appendix 1 of the report.

AUD.47 Final Accounts Outturn Report

The Committee received a report from the Corporate Director: Resources and Financial Services Manager on the provisional outturn position in relation to the Final Accounts for 2019-20. The Corporate Director: Resources explained that this had been reported to Cabinet as a strong Leader report on the 9th June. There has been a saving of over one million pounds and this would be used to bolster reserves. The Corporate Director: Resources offered her thanks to her team and expressed her gratitude for the work they had carried out in difficult circumstances. The Financial Services Manager summarised the content for Members. Councillor Desmond congratulated the Corporate Director: Resources and the whole team for the savings that had been achieved and expressed his appreciation for the consistent results that the team delivered. The Corporate Director: Resources and the Principal Accountant responded to a question about the reserves available and if they would be sufficient to meet demand.

The Audit Committee noted the key aspects of the Final Accounts Outturn detailed in this report including the most welcome news that a total saving of £1.065m had been achieved for 2019-20. This is made up of a saving on Services of £412k plus additional Business Rates funding of £603k together with £50k Covid-19 support funding. This has been achieved by prudent budget management, particularly in relation to the Community Well-Being and Environment Directorate. This saving will be used to increase General Reserves and is most welcome given the financial pressures of the current Covid-19 pandemic.

The Committee also noted that, the pre-audit Statement of Accounts for 2019-20 was endorsed by the Corporate Director: Resources on the 26th June and shared with Grant Thornton for the commencement of the external audit on the 29th June 2020. That, there would be a meeting on

the 9th September 2020 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts.

AUD.48 Review of Corporate Risk Register – COVID-19

The Committee received a report from the Corporate Director: Resources to inform Members of an update to the 2020-21 Corporate Risk Register and the Budget Risk Matrix to reflect the impact of COVID-19. She informed Members that this report was in addition to the 2 Corporate Risk Register reports they receive each year and was to allow Members to consider and note changes made in light of Covid-19. The Corporate Director: Resources took Members through each section of the report expanding on each item of the risk register. She expressed her thanks to the ICT Support team who have dealt with an increased workload around the issues of remote working and the increased threats to cyber security.

The Chairman reiterated Members comments about the excellent work that has been done during the difficult conditions and expressed his appreciation to the Corporate Director: Recourses and all Officers within the team.

The Committee considered and noted the revisions to the 2020-21 Corporate Risk Register and the associated mitigating actions as at 30th June 2020 and the revised 2020-23 Budget Risk Matrix to reflect the impact of COVID-19.

There being no further business, the meeting ended at 7:34pm.