

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

HELD REMOTELY

26TH MAY 2021 (6PM)

Present:

Councillors: R H Coleman (Chairman), P W M Young (Vice-Chairman), V Caulfield, B S Dawes, N J Desmond, P Dyke, C Rogers and A Totty.

The Chairman thanked outgoing Chairman Councillor A Totty for his hard work and effort in the role.

AUD. 01 Apologies for Absence

Apologies for absence were received from Bodrul Zzaman – Independent Person.

AUD.02 Appointment of Substitutes

No Substitutes were appointed.

AUD.03 Declarations of Interests by Members

No declarations of interest were made.

AUD.04 Minutes

Agreed: The minutes of the meeting held on 24th March 2021 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.05 Audit Progress Report and Sector Update

The Committee received a report from Grant Thornton (GT) giving an audit progress report and sector update. The Engagement Lead explained that the report set out the current position against the 2021 audit and reminded Members the external auditors role was two-fold - offering an opinion on Wyre Forest District Council's (WFDC) financial statements and also offering a value for money conclusion. Due to being behind in terms of the audit cycle they had been unable to bring the plan for 2021 to the previous meeting of the Committee but the Engagement Lead was pleased to report that the plan was now on the agenda for this meeting. GT continue to hold regular meetings with Officers and the leadership team to inform the approach, and representation was made by WFDC Officers at the recent chief accountants' workshop. The target sign-off for the opinion was the end of September and despite being behind on the timeline GT were confident they could recover this and issue the opinion by this deadline, subject to agreed timelines being met.

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The Engagement Lead reminded Members that the auditors annual report was the replacement for the annual audit letter. The target for this was also September 2021 but there was flexibility to delay reporting if not enough work had been completed. GT were hopeful to report both the opinion and the auditors annual report at the same time. The report provided a brief summary of the current outcomes of interim work completed and the Engagement Lead was pleased to say that this work had not identified any significant issues that needed to be brought to the Committees' attention.

It was confirmed that WFDC had appointed a new valuer, and Members were reassured that although the report stated that the qualifications and experience had yet to be confirmed for audit purposes this was not a concern as both had been confirmed when the valuer had been appointed and they were confident this item would soon be resolved. In response to a question about GT resources to deal with increased workload, the Engagement Lead informed Members that GT had increased staff nationally by 20% and were confident that they were building capacity to enable deadlines to be met.

The Engagement Lead gave Members information on the work being done to consider the number of Covid-related grants currently being administered by the Council.

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

AUD.06 External Audit Plan

The Committee received a report from Grant Thornton (GT) detailing the proposed external audit plan 2020-21 with the Engagement Lead highlighting key elements for Members attention including planning materiality which had been determined to be £1million, and value for money arrangements against the three new criteria. He also went into detail about the current risks identified, particularly around the value of property, plant & equipment and land & buildings whilst also considering the pension liability and the considerable work that will be completed around this area.

The Engagement Lead reflected that the 2021/22 budget was deliverable with large savings but from 2022/23 onwards there was greater uncertainty and most councils had large gaps that need to be addressed in the intervening period. This had been identified as a potential area of focus and the only area at the planning stage that is brought to Members attention.

The Engagement Lead provided a detailed breakdown of fees along with a history of fee setting.

The report was noted by the Committee.

AUD.07 Accounting Policies and Estimates

The Committee received a report from the Financial Services Manager on the accounting policies for use in preparing the Council's Statement of Accounts for 2020/21.

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She informed Members that the Councils accounting policies were the specific principles, conventions, rules and practices that are applied in the production and presentation of the annual financial statements and any changes to the accounting policies relied upon in preparing the annual statements of accounts were brought to the Committee for approval. This gave members opportunity to question and understand the accounts before the annual audit inspection had commenced. She reported that there were no significant changes to accounting policies this year and the adoption of IFRS16 which was originally due in 2021 had been deferred to the 2022/23 code.

The Financial Services Manager explained in detail the management arrangements used to identify and evaluate accounting estimates. She informed Members that there were 4 judgements and assumptions relating to estimates at the end of the current reporting period, that had been identified as posing a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. She advised that additional valuation services had been commissioned to value the whole property estate to mitigate the impact of the pandemic and the change of valuer, and to reduce the risk of material inaccuracy.

Agreed: The Audit Committee –

i) Approved the Accounting Policies to be used in preparing the Council's 2020-21 Statement of Accounts;

ii) Noted the management arrangements to identify and evaluate accounting estimates.

AUD.08 Internal Audit Monitoring Report Quarter Ended 31st March 2021

The Committee received a report from the Audit Manager informing Members of the Internal Audit Monitoring Report for Quarter ended 31st March 2021. She informed Members that this was the final quarter of the 2020/21 internal audit plan against the plan approved by the Committee, and it completed the position statement the audit Committee had before them back in March and closed off the 2020/21 audit plan. The Audit Manager then took Members through each section of the report in detail offering opportunity for questions on each section.

Decision: The Audit Committee considered the Internal Audit Monitoring Report Quarter Ended 31st March 2021 as detailed in the appendix to the report.

AUD.09 CIPFA Financial Management Code

The Committee received a report from the Corporate Director: Resources on the CIPFA Financial Management Code. She informed Members that the purpose of the report was to present WFDC's self-assessment against a professional code to support Local Authorities in demonstrating good financial management. The Corporate Director: Resources gave Members background to the code and informed them that although this was a new code, it built on good practice and good financial management that was already in place and

the self-assessment identified this for WFDC but also areas for improvement.

DECISION: The Audit Committee noted:

The publication of the FM Code and the requirement for it to be applied from 1 April 2020.

That the first year, 2020/21, was a shadow year where local authorities were able to demonstrate that they are working towards full implementation which, for the first full year of compliance, will be 2021/22.

That an initial assessment has been carried out at APPENDIX A of the Council's assessed level of compliance compared to the Standards contained in the FM Code.

AUD.10 Corporate Governance Framework

The Committee received a report from the Corporate Director: Resources presenting a position statement on the Corporate Governance Framework. She took Members through the report including the appendix and explained how this report supported subsequent items on the agenda. The self-assessment review showed that current arrangements were adequate and operating effectively. Action points for improvement were identified with none showing as red on the ratings scale but the Corporate Director: Resources stressed the need for continuous improvement even with those areas receiving a green rating to avoid complacency.

DECISION: The audit Committee noted the current position in respect of the Corporate Government Framework as attached in appendix 1 of the report.

AUD.11 Internal Audit Annual Assurance Report 2020/21

The Committee received a report from the Audit Manager informing Members of the internal audit annual assurance report for 2020/21. She informed Members that this annual report was completed alongside the Annual Governance Statement to enable her to form an opinion on the previous 12 months internal control environment, governance, and risk. This detailed report showed the information used to make an overall conclusion and gave the Audit Managers opinion on the internal control environment.

DECISION: The Audit Committee approved the internal Audit Annual Assurance report for 2020/21 as attached at appendix 1 of the report.

AUD.12 Annual Governance Statement

The Committee received a report from the Corporate Director: Resources on the draft Annual Governance Statement for 2020-21. She informed Members that this document was scrutinised by GT as part of the external audit process and this year included the COVID overlay, the Financial Management Code, value for money and financial resilience; any revisions suggested by the external auditors would be communicated with Members. The Corporate

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Director: Resources took members through the report in detail pointing out differences in this year's report, significant issues, actions, timescales and 7 significant governance issues. Members thanked the Corporate Director: Resources for the comprehensive report.

DECISION: The Audit Committee approved the Annual Governance Statement as attached at appendix 1 of the report.

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