



MINUTES

Audit and Standards Committee

Date:	Tuesday, 30 July 2019
Venue:	Town Hall, St Annes.
Committee Members Present:	Councillor John Singleton JP (Chairman) Councillor Ed Nash (Vice-Chairman) Councillors Delma Collins, Peter Collins, Brian Gill, Sally Nash, Roger Lloyd, David O'Rourke.
Other Members in attendance:	Councillor Karen Buckley.
Officers Present:	Paul O'Donoghue, Tara Walsh
Other Attendees:	Paul Hewitson and Joe Stone, representatives of Deloitte.

1. Declarations of Interest

Members were reminded that any disclosable pecuniary interests should be declared as required by the Localism Act 2011 and any personal or prejudicial interests should be declared as required by the Council's Code of Conduct for Members.

No interests were declared on this occasion.

2. Confirmation of Minutes

RESOLVED: To approve the minutes of the Audit and Standards Committee meeting held on 13 June 2019 as a correct record for signature by the Chairman.

3. Substitute Members

The following substitution was reported under Council procedure rule 23 (c):

Councillor David O'Rourke for Councillor Ellie Gaunt

Councillor Roger Lloyd for Councillor Paula Brearley

Audit Decision Items

4. Annual Governance Statement

The Chairman invited Paul O'Donoghue, Chief Financial Officer to present the report. In doing so, Mr O'Donoghue explained that the Annual Governance Statement had previously been approved by the Audit and Standards Committee on 25 April 2019. Following a number of grammatical adjustments and layout changes an updated version of the Annual Governance Statement had been brought back to the committee for further approval.

Minutes – Audit and Standards Committee – 30 July 2019

Mr O'Donoghue went on to inform members that an action plan had been incorporated within the statement and progress reports would be presented to the committee in September 2019.

During the discussion of this item, members mentioned a point made at a recent CIPFA training course that the Chairman and Vice-Chairman of the Audit and Standards Committee ought to be drawn from the main opposition Group. In response to this, the Chairman, Councillor John Singleton, assured the Committee that this had been a suggestion only and it was not included as a recommendation in the CIPFA guidance.

Following questions and discussion, the committee RESOLVED to approve the Annual Governance Statement for signature by the Chief Executive and the Leader of the Council.

5. Report to those Charged with Governance (ISA 260) 2018/19

The Chairman invited Paul Hewitson, representative of Deloitte, to present the report. In doing so, Mr Hewitson explained that the report had been prepared by Deloitte as the Council's external auditors. He went on to explain that the report summarised the key messages identified during the audit of the Council's financial statements, for the year ending 31st March 2019. It also provided Deloitte's assessment of the Council's arrangements to secure value for money in its use of resources.

Mr Hewitson advised members that at the time of preparing the report, there were some outstanding areas of work. Subject to all outstanding queries being resolved, it was noted that Deloitte anticipate issuing an unqualified audit opinion on the Authority's financial statements by 31st July 2019. Furthermore, Deloitte are satisfied that the Council had made proper arrangements for securing financial resilience and economy, efficiency and effectiveness in its use of resources.

A number of insights and recommendations had been identified during the course of the audit and these had been outlined in appendix 1 of the report.

In addition to the above, Mr Hewitson went on to express his thanks to the finance team for the quality of the accounts and working papers that they had prepared.

Various question were raised in relation to: the Councils process around property valuations, the process of inspecting value for money, the total cost of the audit and the process for monitoring the various recommendations and insights highlighted in the report. These were addressed in full by Mr Hewitson.

It was RESOLVED to;

1. Note the External Auditor's Report to those charged with Governance for 2018/19 (referred to as the ISA 260 report)
2. Thank Deloitte for their in depth report, professional approach and for offering their time to discuss the report on a one to one basis with members.
3. Thank the Finance team for their hard work during the audit and for the quality of their accounts and working papers.

6. Annual Statement of Accounts 2018/19

Paul O'Donoghue, Chief Financial Officer, presented the Annual Statement of Accounts for 2018/2019. He explained that the Section 151 Officer was responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA (Chartered Institute of Public Finance & Accountancy) / LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in United Kingdom (the Code), was required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2019.

Minutes – Audit and Standards Committee – 30 July 2019

He further advised that the format and layout of the statutory Annual Accounts and supporting financial statements was heavily prescribed and the statements were prepared in accordance with applicable laws and regulations and in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

It was noted that a workshop was held to provide members of the Committee the opportunity to ask questions and clarify information contained within the Statement of Accounts 2018/19 prior to the formal committee meeting.

At the conclusion of the item, the committee took the opportunity to express their thanks and appreciation to members and key officers for attending the Statement of Account workshop, for providing a strong financial reporting process and for maintaining audit trails to a high standard, all within timescale.

It was RESOLVED to approve Statement of Statement of Accounts 2018/19.

7. Management Representation Letter 2018/19

Paul O'Donoghue, Chief Financial Officer, presented the Management Representation Letter. He explained that on the conclusion of the audit of accounts the Council was required to provide the external auditor with a statement confirming that the Council had acted properly and with due regard to appropriate regulations and guidance in the preparation of financial statements, and that all material items had been disclosed to the auditors with all reasonable measures taken to minimise fraud and error.

Once agreed by committee the signed Management Representation Letter which had been included as an appendix to the report, would be provided to Deloitte as external auditors.

It was RESOLVED to note the contents of the Management Representation Letter and agree that the letter is signed by the Chief Financial Officer and the Chairman of the Committee, and agree that the letter is then provided to Deloitte.

8. Constitution Review

This report was presented by the Chairman, Councillor John Singleton.

The Chairman explained that the report sought the committee's consideration on a number of revisions to the following aspects of the Constitution; Part 2 Articles of the Constitution; Part 3 Responsibility for Functions; and Part 4 Procedure Rules of the Constitution. The revisions had been recommended by the Constitution Review Working Group and were highlighted for clarification on page 161 and appendix 1 of the report.

Further to the above, the report also asked the committee to consider if any changes to the Mayoral Seniority List should be recommended and to make any such recommendations to the Finance and Democracy Committee.

Various proposals were made in relation to the constitution revisions and the seniority list prior to a resolution being made.

Following on from the above, the committee AGREED:

1. To recommend to Council for approval that aspects of Part 2- Articles of the Constitution, Part 3 – Responsibility for Functions and Part 4 – Rules of Procedure as highlighted in appendix 1 of the report be amended with the additional changes and exceptions as highlighted below;

Minutes – Audit and Standards Committee – 30 July 2019

- i) To replace 'her' in Part 2 – Articles of the Constitution, Article 15.02 with 'the' so that it reads as 'A maximum of five questions can be added under this rule at the meeting concerned and should be notified to the Chief Executive, Director of Resources or a member of the Governance Team.'
 - ii) That a definition clarifying the meaning of the term 'valid reason', which is referred to in part 4 – Rules of Procedure - 11.1 (b), be presented to a future meeting of the Audit and Standards Committee for approval and implementation into the constitution.
 - iii) To defer a resolution on the proposed amendment in Part 2 – Articles of the Constitution - Article 13.05 – Amendments and Alterations Generally, in order to allow for clarification on the meaning and reasoning behind the recommendation to be presented to a future meeting of the Audit and Standards Committee.
2. To request that the Finance and Democracy Committee consider if any changes should be made to the Seniority List.

Audit Information Items

The following information items were received by the committee.

9. Regulation of Investigatory Powers Act 2000: Authorisations

In line with the requirements to report on a quarterly basis regarding the use of covert surveillance and covert human intelligence sources, the information report advised that in the quarter to July 2019, there had been no authorised operations.

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