



MINUTES

Audit and Standards Committee

Date:	Thursday, 23 July 2020
Venue:	Town Hall, St Annes.
Committee Members Present:	Councillor John Singleton JP (Chairman) Councillors Paula Brearley, Delma Collins, Peter Collins, Brian Gill, Ed Nash, Sally Nash-Walker and Viv Willder.
Officers Present:	Tracy Manning, Paul O'Donoghue, Ian Curtis, Dawn Highton, Tara Walsh
Other Attendees:	Paul Hewitson, Joe Stone (Representatives of Deloitte) and Haley Garstang (Corporate Fraud Manager).

On commencement of the meeting the Chairman, Councillor John Singleton, requested a one-minute silence to reflect on the recent death of the Council's independent person, Tony Mozley.

Vice-Chairman

In absence of Councillor Ellie Gaunt, it was AGREED that Councillor Ed Nash act as Vice-Chairman for the remainder of the meeting.

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 21 May 2020 as a correct record for signature by the Chairman.

3. Substitute Members

The following substitutions were reported under Council procedure rule 23 (c):

Councillor Viv Willder for Councillor Ellie Gaunt.

Standards Item

4. Issues Raised with the Monitoring Officer – Decision Item

Mrs Tracy Manning, Director of Resources, was invited by the Chairman to introduce the report. Mrs Manning began by informing members that two complaints had recently been received and both related to allegations of members not complying with regulations and / or guidance concerning the coronavirus outbreak.

Minutes – Audit and Standards Committee – 23 July 2020

Mr Ian Curtis, Head of Governance, was asked to further expand on the outcome of both complaints as he had deputised for Mrs. Manning in responding to the initial complaint. In doing so, he explained that the first allegation was referred to Mr Mike Dudfield, local government consultant and retired solicitor, for investigation. Mr Dudfield had concluded that the matter complained of, even if substantiated, was outside the scope of the code of conduct.

Following the receipt of Mr Dudfield's report, it was decided not to refer the second allegation for investigation. This was because the alleged conduction was not carried out in the members capacity as a member of the council and was therefore was outside the scope of the code of conduct.

The report sought members to confirm their agreement with the Monitoring Officers position and furthermore, to agree with the proposal that any future allegations of a similar kind would not be referred for investigation, unless there are specific circumstances that connect the conduct alleged with the subject member's role as a councillor.

Following a discussion, the Committee AGREED to:

1. Note the investigator's conclusion that the alleged conduct of Councillor X was not carried out in their capacity as a member of the council and was therefore outside the scope of the code of conduct and the council's standards arrangements, and note the decision reached by the Monitoring Officer with respect to the second complaint in light of this.
2. Confirm that any further complaints about non-observance by councillors in their private capacity of legislation or guidance concerned with the coronavirus pandemic should be treated by the Monitoring Officer as falling outside the scope of the code of conduct and be dealt with accordingly.

5. Issues Raised with the Monitoring Officer – Information Item

Mrs Tracy Manning, Director of Resources, presented the periodic report which summarised the broad range of issues referred to the Monitoring Officer since September 2019. The report highlighted three Borough matters and three Parish matters that had been brought to the attention of the Monitoring Officer.

Audit Decision Items

6. Deloitte LLP Audit Plan 2019/20

Paul Hewitson, Lead Audit Director for Deloitte, was invited to present the Audit Planning Report for 2019/20. In doing so, Mr Hewitson provided the committee with a detailed summary of the report including the key aspects of the Audit Plan, the work that followed, the significant risks identified and the audit fee.

In his report, Mr Hewitson sought the committee's approval on the current level of materiality which had been set at £1.1m. He went on to explain that any misstatements above £53k would be reported to the members of the Audit and Standards Committee for their consideration.

In addition to the above, Mr Hewitson outlined the scope of work and approach to be taken, he also stressed the importance of ensuring continuous communication and reporting between the audit engagement team and others in the firm and the Council.

Mr Hewitson outlined the three most significant risks identified which related to; completeness and cut off of service line expenditure, property valuations, and management override of controls.

A number of questions were asked, including clarification on the future of auditing financial statements with regards to the Lytham Institute Trust. These were addressed in full by Mr O'Donoghue.

It was therefore RESOLVED to note and accept the Deloitte External Audit Plan for 2019/20.

7. Review of Effectiveness of Internal Audit

The Committee considered the findings of the annual self-assessment exercise undertaken by the Head of Internal Audit, in relation to the conformance of internal audit with the Public Sector Internal Audit Standards (PSIAS). Ms Highton presented this report and advised members that the self-assessment compared existing arrangements with those specified in the PSIAS.

Ms Highton drew members' attention to Appendix A of the report, which highlighted some areas for improvement. It was concluded from the self-assessment that the internal audit service remains compliant with the PSIAS. The assessment had also been presented to the Corporate Governance Group and was challenged.

Following questions, the Committee went on to thank Ms Highton and her team for providing a detailed review on the effectiveness of internal audit.

It was RESOLVED to note the results of the self-assessment as part of the Audit and Standards Committee's consideration of internal control.

8. Internal Audit Annual Report 2019/20

Dawn Highton, Head of Internal Audit, presented an overview of the work undertaken by the Internal Audit service during 2019/20, as required by the Public Sector Internal Audit Standards (PSIAS). In doing so, she drew the committee's attention to the internal audit opinion, the performance of the Internal Audit Service and the results of the Quality Assurance and Improvement Programme.

Ms Highton highlighted that during 2019/20, 14 reviews were completed, and of these 71% were awarded either substantial or moderate assurance rating, 4 were awarded a limited assurance and a further 2 reviews were deemed as not displaying a strong level of internal control.

Included as appendices to the report were the Summary of Audit Work, Internal Audit Performance Indicators, and a PSIAS action plan for 2020. Ms Highton explained that due to the current pandemic it had not been appropriate to follow up on the implementation of the agreed actions and this had been discussed with the Chairman, Councillor John Singleton. A progress report on the outstanding actions would be presented to the committee at its November meeting.

Members thanked the Internal Audit team for their hard work however expressed some concern in relation to the results and the fact that no area had been granted a full assurance rating.

Following on from the above, the committee RESOLVED to:

1. Note the contents of the report.
2. Seek an update on the actions emanating from the audit, together with dates for their completion at the November Committee meeting

9. Revised Internal Audit Plan 2020-21

Dawn Highton, Head of Internal Audit, began by explaining that the 2020/21 Internal Audit Plan had been compiled in consultation with Directors and Heads of Service following a detailed risk assessment and was due to be presented to the Audit and Standards Committee in March 2020. However, as a result of COVID 19, the Internal Audit Team had been re-deployed and therefore a revised plan has been compiled to reflect the changes to date.

Minutes – Audit and Standards Committee – 23 July 2020

A total of 175 days has been allocated to COVID 19 support work. It is anticipated that this consist of processing and administering the Business Support Grants and post assurance work which will be required by central government. To accommodate this, some of the reviews had been deferred to 2021/22 and the remaining reviews are expected to be achievable in order to allow an opinion to be formed in relation to this coming year.

The revised Audit Plan is shown at appendix A of the report and this also shows the original audit plan.

Following on from the above, it was AGREED to:

1. Approve the Revised Internal Audit Plan 2020/2021.
2. Thank the Finance and Audit Teams for their hard work in processing and administering the Business Support Grants

10. Annual Governance Statement

The Chairman invited Tracy Manning, Director of Resources, to present the Annual Governance Statement. In doing so, she explained that the preparation and publication of an annual governance statement was necessary to comply with Regulation 4(3) of the Accounts and Audit Regulations 2015, which requires authorities to prepare a statement of internal control in accordance with the CIPFA/ SOLACE guidance.

Ms Manning went on to explain that the Corporate Governance Group, having met to review assessment of the Council's governance against the Local Code, had identified a number of issues to be addressed over the coming year, these were included in Annual Governance Statement Action Plan which was incorporated within the Governance Statement.

An action plan had been incorporated within the statement and attendees were informed that progress reports would be presented to the committee in November 2020.

Following discussion, it was AGREED to approve the Annual Governance Statement for signature by the Chief Executive and Leader of the Council.

Audit Information Items

The following information items were received by the committee.

11. Annual Fraud Report 19/20

Ms Garstang, Corporate Fraud Manager, was invited by the Chairman to present the report. In doing so, she provided members with an overview of the performance and counter fraud activity undertaken by the Corporate Fraud Enquiry Team during 2019/20.

Following on from the above, clarification was sought in relation to the £59,093.51 in overpayments as referred to in the report. This was address in full by Ms Garstang.

12. Update on the Strategic Risk Register

The committee noted the updated Strategic Risk Register for 2020/21 included as appendix A to the report.

Clarification was sought on a number of matters, specifically a question was asked in relation to the protection of open spaces and the need for this to be included onto risk register. Ms Highton addressed this in full and confirmed that this matter would be taken back to the risk management group for consideration.

13. Corporate Governance Action Plan Update

An update of the Corporate Governance Action Plan was noted.

Clarification was sought on the dates of outstanding actions. This was answered in full by Ms Manning, Monitoring Officer.

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