



MINUTES

Audit and Standards Committee

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| Date: | Wednesday, 23 February 2022 |
| Venue: | Town Hall, St Annes. |
| Committee Members Present: | Councillor Ellie Gaunt (Chairman) Councillors Frank Andrews, Peter Collins, Brian Gill, Will Harris, John Singleton JP. |
| Other Councillors Present: | None |
| Officers Present: | Paul O'Donoghue, Tracy Manning, Ian Curtis, Sharon Wadsworth. |
| Other Attendees: | None |

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 January 2022 as a correct record for signature by the Chairman.

3. Substitute Members

The following substitution was reported under Council Procedure Rule 23(c):

Councillor Frank Andrews for Councillor Delma Collins.

Update on the external audit

Prior to the start of the decision items Paul O'Donoghue, Chief Financial Officer, was invited by the chairman to update members on the status of the external audit. Mr O'Donoghue confirmed that the external auditors were continuing with the audit in respect of 2020/21 and that queries were being responded to as a matter of priority by the finance team as and when they were raised. Mr Hewitson from Deloitte anticipated the audit being completed by around the start of the new financial year which would in turn require an additional Audit and Standards Committee meeting to be scheduled in April 2022. In response to questions from members Mr O'Donoghue reiterated that the situation was outside the control of the council and that an official complaint had already been lodged with the body overseeing external auditor appointments, PSAA. With regards to the forthcoming year the audit deadlines had been moved nationally to allow more time for completion of future audit work.

Audit Decision Items

4. Review of Compliance with CIPFA Financial Management Code

Paul O'Donoghue, Chief Financial Officer, introduced the report detailing the CIPFA Financial Management Code (FM Code) that had been introduced because of the exceptional financial circumstances faced by local authorities and was designed to set standards and promote good practice.

Mr O'Donoghue went through the underlying principles of the FM Code and the assessment that the finance team, together with Management Team and the Corporate Governance Group, had carried out. It was noted that all areas were rated as compliant with the code on the self-assessment, with the exception of ref G which required the authority to consider its prospects for financial sustainability in the longer term. The code did not define "long-term", but this has been assessed as potentially ten years plus. However, due to the ongoing uncertainty around the future of the local government funding regime, it was not currently deemed feasible to develop a revenue and capital budget forecast beyond the five years rolling MTFS that was already produced.

Following a brief discussion, it was RESOLVED to note: -

1. the publication of the CIPFA Financial Management Code and the requirement for its application from 1 April 2020.
2. that 2020/21 was a shadow year during which all local authorities had been working towards full implementation for the first full year of compliance in 2021/22.
3. that an assessment had been carried out at Appendix A of the Council's assessed level of compliance compared to the Standards contained in the Financial Management Code.
4. that actions to ensure continuing compliance with the code are set out in Appendix A of the report.

5. Internal Audit Service

Tracy Manning, Director of Resources, was invited to introduce a report that detailed the various options for the committee to consider for the council's internal audit service. The service was currently provided, under contract, by Mersey Internal Audit Agency (MIAA) since March 2021. The historical context of the audit service was provided.

Ian Curtis, Head of Governance, took members through the options considered for the delivery of the service including recruitment of an in-house team, operation of a shared service and appointing a provider by competition. The preferred option was directly awarding a contract for the continuation of the service to MIAA under the NHS Business Services Framework. This would retain the present valued service and relationships, backed up with the resilience of a large organization, while complying with procurement requirements.

Mrs Manning and Mr Curtis responded to queries raised, as part of the discussion on the options available, such as the rates charged, the existing budget and security and continuity of any contract awarded to MIAA.

Following the discussion, it was unanimously RESOLVED: -

1. To appoint Mersey Internal Audit Agency (MIAA), by a direct award under lot 2 of the NHS Business Services Framework, to provide internal audit services to the council from the end of their present contract until 31 March 2024.

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