



MINUTES

Audit and Standards Committee

Date:	Wednesday, 29 September 2021
Venue:	Town Hall, St Annes.
Committee Members Present:	Councillor Ellie Gaunt (Chairman) Councillor Ed Nash (Vice-Chairman) Councillors Delma Collins, Peter Collins, Brian Gill, Shirley Green, John Singleton JP.
Other Councillors Present:	Councillor Karen Buckley - Leader of the Council
Officers Present:	Tracy Manning, Paul O'Donoghue, Ian Curtis, Sandra Cudlip (MIAA), Ross McKelvie and Katharine McDonnell
Other Attendees:	Paul Hewitson and Nick Rayner, from Deloitte, attended the meeting remotely

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 15 July 2021 as a correct record for signature by the Chairman.

3. Substitute Members

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

Councillor Shirley Green for Councillor Will Harris.

Standards Information Items

4. Issues Raised with the Monitoring Officer

The Committee received a quarterly report on standards related matters raised with the Monitoring Officer.

Audit Decision Items

5. Deloitte LLP Audit Plan 2020/21

Paul Hewitson, Lead Audit Director for Deloitte, presented the audit plan for 2020/21. Mr Hewitson provided the committee with a detailed summary of the report including the key aspects of the Audit Plan, the work that followed, and the significant risks identified.

In his report, Mr Hewitson explained the current level of materiality which had been set at £867k, which was equal to 2% of gross revenue which was comparable across the sector. He went on to explain that any misstatements above £43k would be reported to the members of the Audit and Standards Committee for their consideration.

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Mr Hewitson also highlighted COVID-19 business support grants, advising this was a sector-wide issue. He advised the issue was as a result of the lack of detailed guidance from the government as to how these grants were to be accounted for. Ongoing audit work would look at the accounting of the COVID-19 grants to see if the council's approach to the accounting of them was sensible.

A number of questions were asked, regarding the late issuing of the Audit Plan and, efficiency and effectiveness in regards to Value for Money. These were addressed in full by Mr Hewitson.

It was RESOLVED to note the contents of the Deloitte LLP Audit Planning Report for 2020/21, the committee look forward to the final opinion and sign off.

6. Deloitte Report to Those Charged with Governance (ISA 260) 2020/21

Paul Hewitson, Deloitte, presented the ISA 260 report. He explained that the report before the committee was an update on the current audit of the accounts, and that Deloitte were not able to complete the audit of the accounts before 30 September.

The report outlined that areas of the audit were still ongoing. Mr Hewitson provided an update, advising that since the report had been written the team had now received the valuations report and pensions report but were still awaiting a report from the pensions fund auditor.

He provided a brief overview of the work remaining to be completed. Of the work underway there were no major weaknesses to report thus far. He also reported that in regards to the conclusions of work completed to date, there were also no issues to report.

A number of questions were asked in regards to Deloitte's failure to complete the audit in time for the Statement of Accounts to be signed off. These were addressed in full by Mr Hewitson.

It was RESOLVED to note the External Auditor's Report to those charged with Governance for 2020/21, referred to as the ISA 260 report.

7. Annual Statement of Accounts

The Chairman introduced the item advising that the Chief Financial Officer had led an informative Statement of accounts workshop on the Monday prior to committee being held. It was noted that in line with the proceeding item on the agenda, Deloitte's work in completing the audit was ongoing and as a result the accounts could not yet be signed off. She expressed her disappointment at the news. As a result she was proposing an alternative recommendation to the one printed with the papers.

Paul O'Donoghue, Chief Financial Officer, advised that it was proposed to deal with the accounts at a future meeting of the Audit and Standards committee, when the audit was complete.

The Chairman thanked Paul O'Donoghue, Paul Harrison and the finance team for all their hard work in preparing the accounts.

It was RESOLVED to note the current position with the Statement of Accounts for 2020/21 as presented on the agenda, and notes that a further meeting of the committee will be scheduled in due course to approve the final post-audit accounts once Deloitte have completed their audit work and are in a position to issue their final opinion and sign off the accounts.

8. Management Representation Letter 2020/21

Paul O'Donoghue, Chief Financial Officer, advised that following 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 and all reasonable measures taken to minimise fraud and error. The statement was referred to as the 'Management Representation Letter'.

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Once agreed the statement must be signed, on behalf of the authority, by the Chief Financial Officer and the Chairman of the Audit and Standards Committee, as that is the body delegated by the Council to consider and approve the Statement of Accounts in line with the Accounts and Audit Regulations 2015.

In response to questions he advised that despite the audit of accounts being incomplete the management letter could still be signed, as the financial statements were complete and the Council had complied with all regulations and guidance in preparing them.

It was RESOLVED to agree that the Management Representation Letter be signed by the Chief Financial Officer and by the Member presiding at the meeting of the Audit and Standards Committee and be provided to Deloitte.

9. Constitution Amendment – Terms of Reference – Planning Committee

Tracy Manning, Director of Resources, presented revised terms of reference for Planning Committee. She advised that within the remit of two of the programme committees there was the function relating to the management of land and property within their remit.

Since those terms of reference were written the Planning Committee had subsequently been given responsibility for overseeing a number of regeneration initiatives, and it would therefore be appropriate if the management of land and property, within its remit, could be included in the terms of reference of the committee.

It was RESOLVED to recommend the proposed amendment to the terms of reference of the Planning Committee (Section 2, Part 3 of the Council's Constitution – Responsibility for Functions), to Council.

10. Internal Audit Progress Report

Sandra Cudlip, MIAA, presented the Internal Audit Progress Report. She advised that the report provided an update in respect of progress made against the Internal Audit Plan for 2021/22.

In presenting the report, she highlighted a number of areas for consideration by the committee. All areas highlighted by previous audits with findings of limited or moderate assurance were being followed up.

She advised of one audit completed, which had returned a limited assurance for vehicle and equipment asset disposals. She advised the audit had found no policies or procedures in place, with local agreements that had been developed and been accepted as custom and practice. This had placed too much reliance on one individual, which resulted in a risk both for the council and the individual. All recommendations in regards to improvement had been accepted in full.

A number of questions were asked regarding outstanding actions, which Mrs Cudlip responded in full.

It was RESOLVED to note the contents of the report and approve the change in timing of the S106 review from quarter 2 to quarter 4.

Audit Information Items

11. Update on the Strategic Risk Register

The committee was provided with an update on the Strategic Risk Register. It was noted that one new risk had been added since the committee last received an update in March 2021. The new risk was in regard to the Kirkham Futures Regeneration Programme.

12. Regulation of Investigatory Powers Act 2000: Authorisations

The committee received information regarding the review of the use of covert surveillance and covert human intelligence sources by the council at least quarterly. It was noted that in the quarter to September 2021, there were no authorised operations.

13. Corporate Fraud Team Update

The committee were provided with an overview of the performance and counter fraud activity undertaken by the Corporate Fraud Enquiry Team during 2020/21.

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