



MINUTES

Audit and Governance Committee

Date:	Thursday, 20 July 2023
Venue:	Town Hall, St Annes.
Committee Members Present:	Councillor Michael Withers (Chairman) Councillor Andrew Redfearn (Vice-Chairman) Councillors Peter Anthony, Liz Bickerstaffe, Peter Collins, Ellie Gaunt, Joanne Gardner, John Kirkham, Ed Nash
Other Councillors Present:	Councillor Karen Buckley
Officers Present:	Paul O'Donoghue, Tracy Manning, Katharine McDonnell, Nicola Crawshaw and Hayley Baron (Shared Corporate Fraud Team – Preston). Louise Cobain (Mersey Internal Audit Agency) Nick Rayner and Paul Hewitson (Deloitte) attended remotely.
Other Attendees:	Parish Councillor Gordon Smith

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 20 April 2023 as a correct record for signature by the Chairman.

3. Substitute Members

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

Councillor Peter Collins substituted for Councillor Paul Hayhurst.

Decision Items

4. Internal Audit Annual Report

Louise Cobain, Engagement Lead, MIAA, presented the Internal Audit Service Annual Report for 2022/23 which included the annual Head of Internal Audit Opinion.

She advised the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to issue an annual opinion on the council's control environment. This was based on the work undertaken by Internal Audit over the course of the year. A summary of the work, together with proposed actions and progress on actions was laid out in the report.

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The overall opinion for 2022/23 was one of moderate assurance, which meant there was an adequate system of control in place, however there were some weaknesses in some areas. The council had been very effective in its use of the internal audit function, directing the team into known areas of risk, this had been taken into account in reaching the opinion.

In response to questions Louise provided an overview of the council's progress over the last few years. The effective use of the internal audit function was a real positive, controls were improving particularly the risk management controls.

In regards to a query regarding the Planning System Review, she advised that the final report, with outcomes and actions, had been circulated to Management Team for response, and details would come before the committee as part of the regular Internal Audit Progress Report update.

It was RESOLVED to note the contents of the report.

5. Internal Audit Progress Report

Louise Cobain, Engagement Lead, MIAA, presented an update on the progress made against the Internal Audit Action Plan 2022/23 and 2023/24.

She advised that since the last meeting of the committee, three reviews had been finalised, those being the apprenticeship scheme, key financial controls and risk management. Two reviews were in the draft final report stage, the Planning System Review and recruitment which should be reported to the next committee.

A number of reviews from the 2023/24 plan had been started.

Of the three finalised reviews, apprenticeships received an opinion of moderate assurance, overall there were a number of areas of good practice. The key recommendation was regarding the lack of resilience due to reliance on one member of staff.

In regards to key financial controls, there was an opinion of substantial assurance. There were just two recommendations regarding strengthening processes around authorisation of bank change details and debt recovery.

The final review, risk management, overall received a moderate assurance opinion. The key finding related to the GRACE system, where action was needed in regard to gaps in target dates and owners. Louise advised that all actions from the three reviews were being taken forward.

Louise then provided details regarding the follow-up of outstanding actions. She advised that the majority were either not yet due or had been completed.

It was RESOLVED to note the Internal Audit Progress Report.

6. External Auditors Annual Report 2020/21

Paul Hewitson, Associate Partner, Deloitte, presented the External Auditors Annual Report for 2020/21. He explained the report covered a summary of the ISA260 findings on the statement of accounts, which had been presented at the last committee, and included the auditors' observations on the Value for Money arrangements.

The report laid out that the council had arrangements consistent with achieving Value for Money. These were generally appropriate, there were no recommendations and no weaknesses had been identified.

Paul advised that the report commented on the financial arrangements of the council, looking at overall financial stability, and confidence that the arrangements to secure financial sustainability were sound.

In terms of governance the risk management arrangements were generally good, with some observations around the use of the Internal Audit function due to only partial coverage as a result of the pandemic during that year.

It was RESOLVED to note the contents of the External Auditors Annual Report for 2020/21 prepared by Deloitte LLP including the positive Value for Money conclusions made in the report.

7. Annual Governance Statement

Tracy Manning, Deputy Chief Executive, presented the Annual Governance Statement. She explained it was a statutory document and was presented each year to committee. She informed the committee how, following guidance, the statement was compiled, looking at the governance systems in place at the council. The Corporate Governance Group, having considered all the evidence, as laid out in the Statement, had concluded that the council had a sound system of governance.

The committee was asked to consider the improvement actions in the statement and recommend that the Annual Governance Statement was signed off by the Leader and the Chief Executive.

In response to a question regarding why the PAS review was not detailed specifically within the Annual Governance Statement itself, Tracy advised that the Statement referred to the governance of the authority of a whole rather than service specific issues. It acknowledged there were some weaknesses in some areas as evidenced by the internal audit opinion. One of the improvement areas that the Corporate Governance Group recommended actions was in relation to the delivery of the PAS action plan. The committee would receive a report in six months on the Corporate Governance action plan outcomes and it could consider progress made at that time to achieving the aims of the PAS action plan.

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

Information Items

The following information items were received and noted by the committee.

8. Annual Corporate Fraud Team Report 2022/23 and Business Plan 2023/24

Hayley Baron, Corporate Fraud Manager, Shared Service, presented the annual report of the Corporate Fraud team, and the business plan for 2023/24.

She advised the first part of the report was reflective covering the staffing arrangements for that year, and the performance of the team. It broke down the total of the losses identified, the areas where the frauds had been identified, and the projected future weekly savings based on those identified losses.

The second part of the report, the business plan for 2023/24 looked forward, detailing the team's objectives, staffing arrangements, the expenditure of the previous year, and the projected expenditure of the coming year. She highlighted the cost for Fylde being just 20% of the overall expenditure, due to the shared partnership function of the team providing a service to Fylde, Preston and Lancaster.

The committee thanked Hayley for her report.

9. Strategic Risk Register

Tracy Manning, Deputy Chief Executive, provided a progress report on the risks contained within the Strategic Risk Register.

She advised the committee had a role in monitoring the effectiveness of risk management within the authority. The report before committee was one of the periodic reports on the progress of managing strategic risks within the authority. The current risks were laid out in the report, with detail on the controls in place.

10. Regulation of Investigatory Powers Act (RIPA): Authorisations

Tracy Manning, Deputy Chief Executive, presented the quarterly report regarding authorisations issued under the Regulation of Investigatory Powers Act.

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