



MINUTES

Audit and Governance Committee

Date:	Thursday, 11 April 2024
Venue:	Town Hall, St Annes.
Committee Members Present:	Councillor Michael Withers (Chairman) Councillor Andrew Redfearn (Vice-Chairman) Councillors Ellie Gaunt and Ed Nash.
Other Councillors Present:	None
Officers Present:	Paul O'Donoghue, Tracy Manning, Fiona Hill (Mersey Internal Audit Agency (MIAA)), Rashpal Khangura and Emma Morgan (KPMG), and Katharine McDonnell. Nick Rayner (Deloitte) attended remotely.
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 Governance Committee meeting held on 1 February 2024 as a correct record for signature by the Chairman.

3. Substitute Members

There were no substitutes on this occasion.

Information item

Nick Rayner, Deloitte, attended the meeting virtually to provide an update on the position of the overdue 2021/22 and 2022/23 audits. He advised that Deloitte had previously informed the committee that the 2022/23 audit was likely to be disclaimed and resources had been allocated to have the 2021/22 audit ready for sign-off by the government's backstop date of 30 September, at the latest.

The government recognised the need to clear the backlog of local government audits and had launched a consultation on proposals for legislation to do so. However, the proposals being put forward by the government would require additional work for the 2022/23 audit which, with the resource Deloitte had available, would mean it was unlikely that the 2021/22 audit would be ready for sign-off at the end of September.

Nick advised that the Value for Money assessment would be completed for both years but it was likely that both outstanding audits would be disclaimed due to the additional work requirement.

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He cautioned there were many unknowns still until the consultation was concluded and any decision would require a statutory instrument.

In response to questions from the committee the Chief Financial Officer advised that the finance team had been getting ready to support KPMG with the 2023/24 audit over the summer, however with the additional work required for Deloitte the team would have to redirect resource to meet the auditors' requests.

Rashpal Khangura, KPMG advised that this was an issue across the country and not solely a Fylde issue. He advised it was possible KPMG may have to carry out additional audit work as a result of inheriting disclaimed audits from Deloitte which may have an impact on the opinions issued.

The committee noted, with dissatisfaction, the current situation.

4. KPMG Audit Plan 2023-2024

Rashpal Khangura and Emma Morgan, KPMG, presented the draft audit plan for 2023/24. Rash explained there were a number of ongoing consultations from DLUHC, CIPFA and the NAO which meant the plan could not be finalised until the outcomes of the consultations were known.

He advised that in drafting the plan risk assessments had been carried out, key council systems had been assessed, overarching controls of the council, such as risk management, and financial performance of the council had all been evaluated to assist with determining the levels of materiality for the audit.

It was advised that KPMG had a dedicated core team of auditors working on the council's audit but specialist auditors would be brought in to assist, for example when dealing with the IT and pension aspects of the audit.

Emma advised that the audit would also extend to assessing the competency of professionals the council relied for such things as asset valuation and pension actuaries. She further advised the audit in addition to covering the financial controls and accounts of the council, would look at specific significant risks to the council's financial stability. These would include legal obligations, valuation of land and buildings, management override of controls, and post-retirement costs.

It was RESOLVED to note the KPMG Audit Plan for 2023/24.

5. Internal Audit Charter

Fiona Hill, Engagement Manager MIAA, presented the Internal Audit Charter which, she explained, was mandated through the Public Sector Internal Audit Standards. The Charter defined the internal audit position with the organisation, defined the scope of internal audit activities, and authorised access to records.

After consideration, it was RESOLVED to accept and approve the Internal Audit Charter.

6. Internal Audit Progress Report

Fiona Hill, Engagement Manager MIAA, reported that good progress was being made against the planned delivery of the Internal Audit Plan.

Fiona provided an overview of the three reports that had been issued since the last progress report, specifically Kirkham Regeneration, Risk Management and Housing Inspections. She highlighted the audit opinion for each and the recommendations offered against each one. She further advised that all the recommendations had been accepted by officers, and had either been actioned or were in progress.

She further advised that follow ups on actions arising from previous audits had either been implemented or superseded, she added that the audit team were really pleased to the response from managers regarding the follow up.

Fiona drew committee's attention to two proposed changes to the audit plan. The first change was to move the review of asset management to Q1/2 2024/25, as a new asset management strategy was currently being drafted. The second proposed change was to swap the proposed climate change review for a review of communications and customer engagement, as a working group was currently devising a new climate change strategy.

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In response to questions regarding the housing inspections review, Fiona advised that the inspections were being carried out as they should, but the information from the inspections had not been uploaded to the system as it should have been. She further advised that as part of the follow up the team would be checking that the housing team had put in place a process to ensure this was carried out in a timely manner.

Following a brief discussion and consideration of the report, it was RESOLVED to note the contents of the Internal Audit Progress Report.

7. Internal Audit Plan 2024-2025

Fiona Hill, Engagement Manager MIAA, presented the Internal Audit Plan for 2024-25. She advised that in devising the plan the Strategic Risk Register was considered, the Heads of Service were consulted together with an assessment of previous internal audit reviews particularly ones with limited assurance. The draft plan was then considered by Management Team to ensure the audit team were on the right path.

She advised that under the plan financial controls, council tax and business rates were reviewed on a cyclical three year basis; the procurement process would be assessed to ensure the correct tendering, policies and procedures were in place together with ensuring the council was getting value for money. Other reviews would be the heritage assets; building statutory compliance; environmental protections; and the crematorium. Also to be covered would be planning enforcement following the PAS review; sickness absence; information technology with particular focus on threat and vulnerability linked to cyber security; as well as the follow ups and contingency review.

Fiona stated that the plan was flexible and was regularly reviewed with senior officers, so where risks emerged the audit team could adapt and change the plan. She advised, dependent on the outcome, the Corporate Peer Review action plan maybe added to the Audit Plan.

In response to questions Fiona advised that the plan did include some management requests such as the crematorium which the Head of Service believed was running well, but he wanted to test for are any weaknesses or areas for improvement especially with new regulations coming into force.

Following consideration and discussion, it was RESOLVED to approve the Internal Audit Plan for 2024-25.

8. Route to Scrutiny

Tracy Manning, Deputy Chief Executive, introduced a proposed amendment to the constitution which would outline the pathway for members to ask the scrutiny committee to consider including a relevant matter in its workplan.

She advised that scrutiny committees had been reintroduced in May 2023 after a number of years absence. Through regular review work it was clear this pathway for members was absent and it was a regulation the council needed to comply with, and as such it was proposed to make an amendment to the constitution to fully comply.

She added that as all members had been involved with the compilation of the scrutiny workplan in summer 2023, no member had been refused due to lack of this amendment.

It was RESOLVED to recommend that council amend the constitution to include the following paragraph;

X.1 Any member of the council can refer a matter for request to be included in a scrutiny workplan.

X.2 Requests must be made in writing to the Deputy Chief Executive (or a member of the Scrutiny Team in their absence) and may include a supporting statement of no more than 100 words.

X.3 A request will be placed on the agenda of the relevant committee at its next available meeting, The “next available” meeting means the first meeting falling more than ten working days after the Deputy Chief Executive receives the request, unless it is practicable to include the request as an agenda item at an earlier meeting, in which case it means that earlier meeting. Any supporting statement will be included in the agenda along with the request.

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X.4 The committee will deliberate and decide whether to include the requested matter in its workplan. If the committee decides against inclusion, it should set out a concise reason for its decision.

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