



Minutes

Audit Committee

Date:	Thursday, 25 September 2014
Venue:	Town Hall, St Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillors Brenda Ackers, Ben Aitken, Leonard Davies, Tony Ford, Ken Hopwood, Linda Nulty and Louis Rigby
Officers:	Tracy Morrison, Paul Swindells, Savile Sykes, Andrew Wilsdon and Katharine McDonnell

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. There were none on this occasion.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 26 June 2014 as a correct record for signature by the Chairman.

3. Substitute members

The following substitution was reported under Council procedure rule 23(c):

Councillor Tony Ford for Councillor Howard Henshaw.

4. Annual Statement of Accounts

Paul Swindells (Deputy Section 151 Officer) presented the Annual Statement of Accounts for 2013/2014.

Mr Swindells advised that the item before the Committee was the post audit statement of accounts, which had a number of changes from the document that members had looked at in detail at the workshop in July. The changes were presentational in nature and did not affect the financial position of the Council.

He drew members' attention to the Explanatory Foreword section of the Statement of Accounts and in particular to the level of non-earmarked General Fund Reserves as at 31 March 2014 of £5.089m as shown in table 6 of that section. He referred to the key revenue risks to the Council's finances, an analysis of which was included as part of each Financial Forecast update, and to the Section 151

Officer's certification that the Council's finances remain robust despite constant pressure. Mr Swindells concluded by drawing the Committee's attention to the unqualified opinion offered by the Council's external auditors, KPMG, and recommended the statement of accounts to the Committee.

In response to a question from Committee regarding a deficit from car park enforcement, Mr Swindells undertook to get a response regarding arrangements for car park enforcement from Mr Loynd (Principal Car Parking and Energy Officer).

Members of the Committee commented on the usefulness of the workshop arranged by the Section 151 Officer, which enabled the Committee to go through the Statement of Accounts in detail and have their many questions answered.

It was RESOLVED

1. To approve the Statement of Accounts for 2013/2014, and
2. That the Audit Committee, on behalf of the Council, thanked the Finance team for all their hard work in the production of a timely and robust set of accounts that provided an accurate and true position of the Council's finances.

5. Report to those Charged with Governance (ISA 260) 2013/2014

Keith Illingworth (KPMG) presented the annual Report to those Charged with Governance (ISA260) 2013/2014. He explained that it summarised the key issues identified during the audit of the Council's financial statements and KPMG's assessment of the Council's arrangements to secure value for money in its use of resources.

Mr Illingworth explained that KPMG provided an unqualified opinion that the Council had secured economy, efficiency and effectiveness, and had complied with all legal and regulatory frameworks in regard to its accounting arrangements.

The Committee asked a number of questions regarding a misstatement on the statement of accounts and IT audit. Mr Illingworth advised that the misstatement was a presentational error that had been corrected on the final statement of accounts and had a nil effect on the budget. In regards to the questions regarding IT, Mr Illingworth advised that the requirements of the audit had changed and there was no longer a requirement to audit the wider IT provisions, but merely those IT systems necessary for financial processes. He advised that those systems had an unqualified opinion.

It was therefore RESOLVED

1. To note the Report to those Charged with Governance (ISA) 260 for 2013/2014
2. To thank the external auditors, KPMG, for their work, and
3. To note the work of the Council over 2013/2014 which had resulted in a positive audit opinion of the Council's effectiveness.

6. Management Representation Letter 2013/2014

Paul Swindells (Deputy Section 151 Officer) presented the management response letter. Mr Swindells explained that the Council was required to make a formal statement to the external auditors (KPMG) confirming that the Council had acted properly, with due regard to all regulations and guidance in the preparation of the accounts.

He advised that the statement was for Committee's approval and for the signature of the Chairman.

It was RESOLVED to agree that the Management Representation Letter be signed by the Chief Financial Officer and the Chairman of the Audit Committee, and then be provided to KPMG.

7. Review of the Effectiveness of Internal Audit

Savile Sykes (Head of Internal Audit) presented a report of the findings of a self-assessment exercise conducted by the Head of Internal Audit and endorsed by the Section 151 Officer, regarding the effectiveness of Internal Audit and the compliance with Public Sector Internal Audit Standards (PSIAS).

He advised that the purpose of the self-assessment was to ensure that the opinion of the Head of Internal Audit issued for the annual audit report could be relied upon as a source of evidence for the Annual Governance Statement.

Arising from the self-assessment were a small number of actions, Mr Sykes advised that an Improvement Action Plan had been drawn up to ensure these were attended to in a timely manner.

It was RESOLVED

1. To note the findings of the review on the effectiveness of internal audit and to confirm the conclusion of the Head of Internal Audit that there was substantial compliance with the Public Sector Internal Audit Standards, and
2. To approve enhancements to internal audit arrangements, as outlined in the Improvement Plan, and
3. To bring an update of the Improvement Action Plan to a future meeting of the Audit Committee, for review.

8. Quality Assurance and Improvement Programme

Savile Sykes (Head of Internal Audit) presented an explanation of the Quality Assurance and Improvement Programme (QAIP). He explained that the QAIP was to provide assurance that Internal Audit was performing in accordance with its Charter, was operating consistently and effectively with the Public Sector Internal Audit Standards (PSIAS). He further explained that the QAIP assessments were both ongoing and periodic. In addition an external assessment must be undertaken by external assessor every five years.

Mr Sykes advised that results of the QAIP assessments would be communicated to the Audit Committee on a regular basis.

Following discussion the committee RESOLVED to note that the Quality Assurance and Improvement Programme (QAIP) covered all aspects of internal audit activity.

9. Risk Management Update Report

Andrew Wilsdon (Risk and Emergency Planning Officer) presented updates on the current position regarding the Local Plan Risk Action Plan, and progress on the implementation of the recommendations of the internal audit action plan on Business Continuity

Mr Wilsdon advised that the Risk Action Plan for the Local Plan had not been produced. He explained that following the release of new population data from the Office for National Statistics, the Department of Communities and Local Government was anticipated to revise household projections. These new figures and expected household revisions would impact on the Strategic Housing Market Assessment (SHMA). In preparation for the anticipated revision, Blackpool, Fylde and Wyre Councils had re-engaged the consultants who had undertaken the SHMA initially. This work was expected to be concluded by the end of September 2014.

He further explained that the SHMA was fundamental to a sound Local Plan, and until the work was complete, work on a preferred option could not proceed.

In regards to the Risk Management Action Plan concerned with business continuity, Mr Wilsdon provided an update on the current position. He advised that the seven medium priority tasks scheduled to be completed by the end of July 2014 had been successfully completed. One of two high priority actions due to be completed by the end of September, had been completed, the remaining action was on target for completion at the end of the month. In addition, he advised there were no actions overdue and work was underway to ensure that the two high, five medium and two low priority actions, due for completion by the end of December 2014, would be completed on time.

Following discussion it was RESOLVED

- (1) To note the latest position regarding the Local Plan; and
- (2) To note the update on the audit action plan for Business Continuity.

10. Regulation of Investigatory Powers Act 2000: Authorisations

The Committee was presented with the quarterly report on the Regulation of Investigatory Powers Act 2000: Authorisations. It was noted that for the quarter to June-September 2014, there were no authorised operations.

It was RESOLVED that the Committee note the information in the report.

11. Protocol for Members on Outside Bodies

Tracy Morrison (Director of Resources) presented an overview of the effectiveness of, and compliance with, the Protocol for Members serving on Outside Bodies.

Ms Morrison spoke briefly regarding the Protocol, its guidance for members and the reporting mechanism for those serving on outside bodies. She advised that the reporting had been undertaken in the early part of 2014, with the complete set of reports emailed to all councillors for information at the beginning of July 2014.

The Committee discussed the reports, the reporting form and the information shared on the reporting forms. Members of the Committee expressed concern that the reports were not returned in a timely manner and that the information shared was inconsistent.

Some members of the Committee, who also served on Outside Bodies, commented that the reporting form was difficult to complete and could perhaps be reviewed to ensure that better quality information was captured.

After a detailed discussion, it was RESOLVED

1. To note the report
2. That the concerns of Audit Committee regarding the robustness, timeliness and quality of the reports, submitted by the Council's representatives on outside bodies, be formally brought to the attention of their respective group leaders at the earliest opportunity, and
3. That the Group leaders be asked to consider forming a working group comprising of members on outside bodies, to review the reporting form, with a view to making the reports more robust and the form easier to complete.

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