



# Minutes

## Audit Committee

<b>Date:</b>	Thursday, 29 January 2015
<b>Venue:</b>	Town Hall, St Annes
<b>Committee members:</b>	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice Chairman)  Councillors Ben Aitken, Christine Akeroyd, Leonard Davies, Ken Hopwood, Linda Nulty and Louis Rigby
<b>Officers:</b>	Tracy Morrison, Andrew Wilsdon, Savile Sykes, Paul Swindells 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 20 November 2014 as a correct record for signature by the Chairman.

### 3. Substitute members

There were no substitutions on this occasion.

### 4. KPMG Certification of Claims and Returns

The Committee considered the report which summarised the key outcomes from the certification work on the Council's 2013/2014 Claims and Returns. It was noted there were no issues or errors with the claims, and the claim was certified unqualified and without amendment.

In response to comments from the Committee, Mr Swindells, Deputy Section 151 Officer, advised that the claim was only in regard to Housing Benefit, however the claim was in excess of £20 million and consisted of numerous transactions.

It was RESOLVED to note the KPMG annual report on the Certification of Claims and Returns for 2013/2014.

#### 5. Annual Governance Statement – Progress Report

Ms Morrison, Director of Resources, presented a progress report regarding the Annual Governance Statement. She advised that the Corporate Governance Group had identified four areas for improvement during 2014/15; these were IT disaster recovery, business continuity, project management and the change in the system of governance for the Council.

The business continuity arrangements were progressing, with two actions slightly behind plan, but the delay was not likely to have any impact on the completion of the overall plan.

In regards to the IT disaster recovery plan, Ms Morrison reported that arrangements had been put in place for a daily off site backup with the next stage to move the backup data to an out of town location. She additionally reported that all actions due for completion in 2014 had been duly completed, and the actions with a target date of March 2015 were on time.

Ms Morrison explained the project management arrangements for the Council had been reviewed and, as part of a minor staffing restructure, a post had been identified to have responsibility for oversight of the application of project management guidance and standards corporately. An officer would be in post in the near future.

In conclusion, Ms Morrison referred to the governance cross party working group, who had done some excellent work over the year to prepare the Council for the change in governance arrangements.

After a brief discussion, it was therefore RESOLVED to note the progress made against the various actions, and that an update report be brought to the committee, with any outstanding actions, at the June 2015 meeting.

#### 6. External Assessment of the Effectiveness of Internal Audit

Savile Sykes, Head of Internal Audit, advised the Committee that the Public Sector Internal Audit Standards required an external assessment of the effectiveness of Internal Audit every five years. He explained that to satisfy the standard, this could be undertaken by an external auditor or via a self-assessment with independent validation.

Mr Sykes explained that the Lancashire District Councils Audit Group were proposing a system of peer reviews, whereby a self-assessment would be validated by a team of auditors from within the Lancashire group. He advised that the group felt this would be the most cost-effective approach to meet the standard.

It was therefore RESOLVED to approve that the periodic external assessments of Internal Audit took the form of a self-assessments which would subsequently be validated by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group on a reciprocal basis across a 5 year cycle.

#### 7. Internal Audit Interim Report 2014/15

Savile Sykes, Head of Internal Audit, presented a report which summarised the work undertaken by internal audit from April to December 2014 and performance information for the same period. In taking the committee through the various sections of the report, he highlighted that seven important internal control weakness had been brought to the attention of management. Of those actions which should have been implemented by the end of December 2014, one was outstanding, however Mr Sykes explained that it related to business continuity plans and nine of

the thirteen expected plans had been received. Of those outstanding, the delay would not have material impact on the implementation of the action.

Mr Sykes drew the Committee's attention to Table 4 showing the implementation rates of agreed actions from 2013/2014 plans. He advised that the implementation rate was the highest in a number of years.

In regards to the implementation of agreed actions, the Committee sought further information regarding the low implementation rate regarding the Payroll audit. Mr Sykes explained the implementation had been delayed as the Payroll provider, Blackpool, also provided services to other councils and organisations and all had to be in agreement before the necessary changes could be made.

Mr Sykes explained that the performance of Internal Audit had been adversely effected due to staffing shortages, and as a result it was necessary to move a number of planned audits into the 2015/16 plan, the details of which were presented in the report. In response to questions from Committee, he advised that a replacement member of staff was due to be appointed soon.

Following a discussion, it was RESOLVED to

- 1) note the Internal Audit Interim Report 2014/2015;
- 2) note the position of the Internal Audit Plan and the amendments to it;
- 3) request a further update regarding the implementation of agreed actions on the Payroll audit, at a future meeting of the Audit Committee; and
- 4) note the concerns of the Audit Committee in regards to the days lost from the Internal Audit Plan.

#### 8. Strategic Risk 2014/15

Andrew Wilsdon, Risk and Emergency Planning Officer, presented a report which summarised the work undertaken in completing the Strategic Risk Actions contained in the 2014/2015 Risk Register.

He advised that 5 risk areas had been identified, with 4 plans being progressed over the year. There were 29 individual actions contained within the Risk Register, 15 had been due for completion by 31 December 2013, 13 had been fully completed, and 2 were not completed.

Mr Wilsdon advised that the 2 incomplete actions related to critical skills and succession plans with a skill/knowledge audit. He advised it would not be completed this year due to lack of capacity. He advised these actions would be carried forward to the new risk register in 2015/16.

After discussion, it was RESOLVED that,

- 1) the progress on the Strategic Risk Actions for 2014/2015 be noted; and
- 2) that the skills gap audit be undertaken as a priority in 2015/16.

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