

Minutes

Audit Committee

Date:	Thursday, 26 March 2015
Venue:	Town Hall, St Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice Chairman) Councillors Ben Aitken, Christine Akeroyd, Leonard Davies, Ken Hopwood, Linda Nulty and Louis Rigby
Officers:	Gillian Burrows (KPMG), Savile Sykes, Paul Swindells and Katharine McDonnell

Prior to the commencement of the meeting, the Chairman read out the following statement;

“On behalf of the Vice Chairman and myself, I would like to thank all elected members of the committee for keeping these Audit meetings independent and free from the political arena.

We would also like to thank the officers of the council who have attended this meeting, for their support, in particular the Internal Audit team under the direction of Head of Internal Audit, Mr Sykes, and also the Finance team for their timely reports and for arranging the annual Statement of Accounts workshops.”

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 29 January 2015 as a correct record for signature by the Chairman.

3. Substitute members

There were no substitutions on this occasion.

4. KPMG Audit Plan 2014/15

Gillian Burrows (KPMG) introduced the KPMG Audit Plan 2014/15. She provided a detailed summary of the report including the key aspects of the Audit plan, the timetable their work followed, the accounting standards and processes followed to reach their opinion, and their fee.

Mrs Burrows explained that whilst the overall fee was broadly in line with the fee outlined in the Audit letter, there had been an additional £900 fee surrounding the NNDR claims. She explained that

the Audit Commission had previously removed the requirement for the certification of the NNDR claim. However due to the changes in NNDR, the number of claims, the business rate pooling mechanism and number of appeal claims, there was significant work required to given assurance in the Financial Statement.

It was RESOLVED to note the KPMG Audit Plan for 2014/15.

5. Internal Audit Annual Plan 2015-16

Savile Sykes (Head of Internal Audit) presented the Annual Internal Audit Plan 2015-16. He explained that the plan was designed to meet the standards for internal audit as laid out in the Public Sector Internal Audit Standards (PSIAS). He further explained that the plan was designed to support an annual opinion on the effectiveness of systems of governance, risk management and internal controls across the Council. The work detailed in the plan would form part of the evidence base which enables the Chief Executive and the Leader of the Council to sign off the Annual Governance Statement. The external auditors placed reliance on the plan (and therefore the work coverage of internal audit) to ensure that system controls and checks were effective, this in turn reduced the amount of testing required by the external auditor.

Mr Sykes drew the Committee's attention to section 6 of the report which detailed how the formulation of the Audit Plan was undertaken and what was considered. He also explained how audit reviews were prioritised on the basis of risk assessment.

Mr Sykes explained that the plan was a working document and was subject to change over the coming year as different needs and priorities emerged. He advised that the plan was linked to the corporate plan. He explained that the plan itemised areas of work to be undertaken, a short description of the work to be undertaken and the number of days the work was expected to take.

After a brief discussion, it was therefore RESOLVED to approve the Annual Internal Audit Plan 2015-16.

6. Internal Audit Charter Update

Savile Sykes (Head of Internal Audit) advised the Committee that the Public Sector Internal Audit Standards required the adoption of an Internal Audit Charter. He advised this was initially completed in 2013 with the introduction of the PSIA Standards in 2013.

Mr Sykes explained the Charter established the framework in which Fylde Council's Internal Audit Service operated and it was necessary to review and refresh the Charter periodically. An updated version for 2015 was presented to Committee for its approval.

It was therefore RESOLVED to approve the updated Internal Audit Charter.

7. Payroll Follow Up

Savile Sykes (Head of Internal Audit) presented an update regarding the outstanding items on the payroll action plan, this followed the Internal Audit Annual Interim report presented at the last meeting of the Audit Committee. He explained that when reported at the January meeting Blackpool Payroll had only completed 56% of the recommendations arising from the audit.

Mr Sykes drew the members' attention to the report which detailed the recommendations from the audit plan and the current position following further consultation with Blackpool. He advised that only one recommendation remained partially incomplete. This referred to activity logs required of

the software supplier, which the software supplier had advised was not possible to achieve. Mr Sykes advised that a number of steps had been taken to mitigate the risk which included the signing of a third party agreement with the software supplier. Assurance had also been given from the finance team that budgetary controls would further mitigate the risk. Mr Sykes gave the opinion that whilst a risk remain, the steps to mitigate the risk were sufficient to minimise the risk to the council.

Following a discussion, it was RESOLVED to

1. note the current position with regard to the Payroll Follow Up; and
2. to thank Mr Sykes for his diligence in following up the outstanding actions with Blackpool Council.

8. Counter Fraud Policies Annual Review

Savile Sykes (Head of Internal Audit) presented the Counter Fraud Policies Annual Review. He advised that all counter fraud policies, which included:

- ◆ Anti-fraud and Corruption Policy
- ◆ Anti-fraud and Corruption Strategy
- ◆ Anti-Bribery Policy
- ◆ Anti-Money Laundering Policy
- ◆ Forensic Readiness Policy
- ◆ Council Tax Reduction Scheme Sanctions Policy
- ◆ Housing Benefits Sanctions Policy

had been reviewed to ensure that an effective and up-to-date framework for countering fraud and corruption was maintained.

Mr Sykes further advised that the only substantial changes to the policies was in regard to the Housing Benefits Sanctions Policy, which would cease to have effect from 1 June 2015. This was due to the Department for Work and Pensions taking responsibility for investigating fraud regarding benefits. This was a national change linked to the roll out of Universal Credit.

It was RESOLVED to approve the Counter Fraud Policy documents.

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