

---

## A U D I T   C O M M I T T E E

---

**Monday, 19<sup>th</sup> March 2018**

**Present:** Councillor Noordad Aziz (in the Chair);  
Councillors Stephen Button, Diane Fielding, Glen Harrison, Stephanie Haworth and Kath Pratt.

**In Attendance:** Mark Beard, Michael Cunliffe, David Donlan, Joe McIntyre, Mike Walker and (Perminder Sethi, Andrew Smith - Grant Thornton, External Auditors)

---

### **Apologies for Absence, Declarations of Interest, Dispensations and Substitutions**

Apologies for absence were submitted from Councillor Bernadette Parkinson.  
Councillor Stephanie Haworth acted as substitute representative for Councillor B. Parkinson.

There were no reported declarations of interest or dispensations.

### **Minutes of the last Meeting**

The minutes of the last meeting held on the 11<sup>th</sup> December 2017 were submitted for approval.

**Resolved**      **- That the minutes be received and approved as a correct record.**

### **Risk Management Monitoring Report**

The Corporate Performance Manager, Mike Walker, presented a report which informed the Committee of the outcome of the review of the Generic, Strategic and Operational Risk Register.

Background information for the reports were explained to the committee and there had been no changes made to the Strategic Risk Register. There had been one new risk added to the Generic Risk Register and some minor changes which were detailed in Appendix 1 of the report.

There had been two major changes to the Operational Risk Register and a number of minor changes had been made which were detailed in Appendix 2 of the report.

A summary of all risks contained in the Generic, Operational and Strategic Risk Registers were detailed in Appendix 3 of the report.

A number of questions were asked by Councillors in relation to a disbanded health & safety group, lone working arrangements and downturn in recycling markets. The Chair also enquired if training would be made available to Members in relation to the new GDPR rules and it was reported that Jane Ellis would be leading on this.

**Resolved**

**- That the report be noted for informational purposes.**

### **Audit Reports & Key Issues- Progress Report for the Period January- March 2018**

The Head of Audit and Investigations, Mark Beard submitted a report to inform members of the Audit Committee of Audit Reports issued during the period January- March 2018 and bring to the attention of the Committee what the key issues were.

There was a target of 98% of the audit plan to be completed by the end of the current financial year in terms of audit days completed. The figures contained in the report gave updated details to the end of February 2018 (85.48% of the plan completed) and the projected out turn position for 2017/18 (93.25% of the plan completed).

A summary of the main issues arising from audits carried out between January- March 2018 was attached to Appendix 1 of the report and detailed both substantial and comprehensive audit assurance in the following areas:

#### Substantial Assurance

- Direct Debit & BACS Direct Credit
- ICT Assets
- Treasury Management

#### Comprehensive Assurance

- Recovery Processes- Contact Centre

The Chair questioned what other local authorities are doing in terms of direct debit lengths. The Head of Audit and Investigations reported that the Executive Director for Legal Services was dealing with these issues as part of new General Data Protection Regulations.

Councillor Pratt asked why the ICT information security policy was still at a draft stage after a number of years in use. At the request of the Chair, the Head of Audit and Investigations would follow up this matter with ICT.

**Resolved**

**- That the report be noted for informational purposes.**

### **Internal Audit Plan 2018-19**

The Head of Audit and Investigations submitted a report to inform members of the Audit Committee of the Internal Audit Plan for the financial year 2018/19 and to request that Audit Committee approve the proposed Internal Audit Plan for 2018/19.

The 2018/19 Internal Audit Plan had made some alterations which reflected changes occurring within the Council as well as alterations designed to streamline the audit. The table in the report titled amendments to the audit plan, detailed the changes.

Four new audit areas had been added to the audit plan and other parts of the report highlighted high, medium and low risk areas and if there had been a decrease or increase of risk areas compared to the year previous.

The internal audit plan summary for 2018/19 was attached to the agenda as appendix 1.

**Resolved**

**- (1) That Audit Committee noted the contents of the report.**

- (2) That Audit Committee approved the Internal Audit Plan for the financial year 2018/19.

### **Peer Review of Internal Audit- External Assessment of Conformity with the Public Sector Internal Audit Standards**

The Head of Audit and Investigations submitted a report to inform members of the Audit Committee of the outcome of the mandatory external inspection of Hyndburn's Internal Audit Team against the requirements of the Public Sector Internal Audit Standards and present the final report of the external inspection team.

All Internal Audit teams within the public sector must work within the 340 Public Sector Internal Audit Standards. As part of these Standards every public sector internal audit team must undergo an external assessment of their conformance with the Standards once every 5 years.

There are 10 district Councils within the Lancashire Audit Group taking part in the peer review process and Hyndburn's began in mid-2017 with the onsite stage held in early February.

The external review team's report was attached to the agenda as appendix 1 and Members were given a summary with detailed assessment in appendix B and the PSIAS action table included in appendix C.

The Chair commented that he was interviewed as part of the process and on behalf of the Audit Committee thanked the Head of Audit and Investigations and the rest of the team for their hard work.

**Resolved**                    - That the report be noted for informational purposes.

### **Grant Thornton- Certification work for Hyndburn Borough Council for year ended 31 March 2017**

Perminder Sethi, Senior Manager at Grant Thornton informed members of the Annual Audit Letter which summarised Grant Thornton's responsibility to certify the Housing Benefit subsidy claim submitted by Hyndburn Borough Council. The certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The claim related to expenditure of £26.6m and further details of their findings were published in Appendix A of the report attached to the agenda. Appendix B provided information of fees for 2016/17 certification work.

**Resolved**                    - That the letter and report be noted for informational purposes.

### **Grant Thornton – External Audit Plan (Year ending 31 March 2018)**

The senior Manager and Engagement Lead, Andrew Smith from Grant Thornton provided Members of the Audit Committee with an overview of the planned scope of the statutory audit of Hyndburn Borough Council for those charged with governance.

The contents of the report detailed matters and risks which had come to their attention and included:

- Materiality
- Value for money arrangements
- Audit logistics
- Independence
- Deep business understanding
- Significant risks identified
- Reasonably possible risks identified
- Materiality
- Value for Money arrangements
- Audit logistics, team & audit fees
- Early Close
- Independence & non-audit services

Appendix A attached to agenda contained a detailed summary of revised ISAs (International Standards on Auditing).

**Resolved**      **-That the report be noted for informational purposes.**

### **Annual Accounts 2017-18 Arrangements**

The Head of Accountancy submitted a report to update Members of the Audit Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2017/18 accounts. It also sought approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1 of the report.

**Resolved**

- **(1) That the report and arrangements that the Council is making in advance of the closure of accounts for the year 2017/18 be noted for informational purposes.**
- **(2) That Audit Committee approved the proposed accounting policies to be followed in producing the statement of Accounts as shown in Appendix 1 of the report attached to the agenda.**

### **Time/Date/Venue of Next Meeting of Committee**

**Resolved**      **- That the next meeting of the Audit Committee be held in late July at a date and time to be confirmed.**

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed.