



Minutes

Audit Committee

Date: 23 April 2021

Time: 10.30 am

Venue: Microsoft Teams

Present: Councillor K Renshaw (in the Chair), G Almas, R Downes, J Fenton-Glynn, D Hall and S Tulley

In Attendance: Paul Hewitson – Deloitte (external audit)
Simon Straker – Kirklees MC (internal audit)

Apologies: None

31 Minutes of last meeting held on 29 January 2021

RESOLVED

That the Minutes of the meeting held on 29 January 2021 be signed by the Chair as a correct record.

32 Matters arising

None.

33 Urgent items

None.

34 Admission of the public

There were no items which required the exclusion of the public and press.

35 Internal audit quarterly review

The Chief Finance and Procurement Officer submitted a report which presented the internal audit activity for the period January to March 2021.

It was reported that five audits had been completed as follows;

- Income management: impact of COVID19 – substantial assurance
- IT software licensing – substantial assurance
- National fraud initiative 2020 / 21 – substantial assurance
- Third party health and safety exposure – adequate assurance, and
- Abuse and assaults on staff – substantial assurance

Members were advised that an audit (implementation of Grenfell Phase 1 recommendations) was in progress and on schedule for completion by the end of April 2021 with an additional audit (pensions administration) due to start in April.

The following issues were raised by Members;

- Action to be taken with regard to the third party health and safety exposure (adequate assurance)
- Detail of loss of income due to COVID19 and reimbursement from central government

RESOLVED

That the report be noted.

36 Risk management strategy group update

Members received a report of the Director of Service Delivery which advised of risk management activity and developments reported to the March 2021 meeting of the Risk Management Strategy Group.

The key areas considered at that meeting were;

- Review of risk related to COVID19 response and recovery plan (currently high risk), and
- Removal of risk related to GDPR (General Data Protection Regulations) having received assurance of full implementation and being embedded into business as usual

It was reported that there were currently 53 risks on the register and that the 6 very high risks remained the same as reported to the group in December 2020.

RESOLVED

That the report be noted.

37 Accounting policies 2020 – 21

Consideration was given to a report of the Chief Finance and Procurement Officer which presented the accounting policies that would be applied in preparation and presentation of the Statement of Accounts 2020 – 21.

Members were advised that it was good practice for the Audit Committee to review the relevant policies used in preparation of the Authority's Statement of Accounts and the policies that would be followed in the preparation of the 2020 – 21 Statement of Accounts were set out at Annex A to the report now submitted. There had been no material changes to the set of accounting policies included within the 2019 - 20 Statement of Accounts.

It was reported that an amendment had been made for the publication of the audited accounts from 31 July to 30 September and that the amended regulations would apply for the next two financial years. It was reported that the Fire Authority would continue to work towards the original deadline of 31 July thereby allowing work to carry on with regard to budget monitoring.

RESOLVED

That the report be noted.

38 Internal audit annual report 2020 – 21

Members reviewed a report of the Chief Finance and Procurement Officer which sought endorsement of the conclusion related to the effectiveness of the system of internal audit and which asked Members to note the audit opinion on risk management and internal control during 2020 – 21.

It was reported that delivery of the plan had been impacted by COVID19 and revisions had been approved by this Committee during the course of the year with 75% of the revised plan completed by 31 March 2021. A refund in internal audit fees of £25k had been paid back to the Authority to reflect the proportion of work completed.

In respect of the completed audits and the timeline for completion of the revised plan, it was reported that there had been sufficient body of evidence to provide a meaningful opinion on the overall internal control, governance and risk management framework and no significant issues had been highlighted for inclusion in the Authority's Annual Governance Statement 2020 – 21.

RESOLVED

- a) That endorsement be given to the Chief Finance & Procurement Officer's conclusion as to the effectiveness of the system of internal audit.
- b) That the audit opinion on governance, risk management arrangements and the internal control environment in 2020/21 be noted, thereby providing assurance for the Annual Governance Statement 2020/21.
- c) That the Audit Charter and Strategy 2021 – 22 be approved; and
- d) That the internal audit team at Kirklees MC be thanked for the work undertaken during the COVID19 pandemic.

39 Annual Governance Statement 2020 – 21

The Committee received a report of the Chief Finance and Procurement Officer which presented the Annual Government Statement of the Authority for approval. Members were reminded that

this was a “live” document which could be amended if required prior to inclusion in the 2020 – 21 Statement of Accounts.

Four significant governance issues were raised for Members’ information as follows;

- Election of West Yorkshire Mayor
- Reforms to Fire and Rescue Services as recommended by Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)
- Changes to Monitoring Officer provision (under a Service Level agreement with Calderdale BC), and
- Performance management system implementation

In addition, the following governance issues remain from 2019/20

- Central Government funding uncertainty (to be reviewed in the summer of 2021)
- Implications Matzak Court of Justice Ruling (relating to on-call firefighters)
- Policing and Crime Act 2017

RESOLVED

That the Annual Governance Statement as presented be approved for inclusion in the 2020 – 21 Statement of Accounts.

40 Internal audit plan 2021 – 22

Members considered a report of the Chief Finance and Procurement Officer which provided an outline of the proposed programme of audit work for 2021 – 22 which would involve 160 days’ of audit work at the fixed rate cost of £47,430 as detailed in the report. There had been no cost increase from the previous year.

It was reported that the Plan included reviews of the Authority’s internal control systems, five risks from the Risk Management matrix and a contingency provision for any special investigations that may be required. Members were further advised that the Plan included audits that had been deferred from 2020 – 21 due to the COVID19 pandemic.

RESOLVED

- a) That the report be noted; and
- b) That the internal audit plan 2021 – 22 be approved.

41 External audit plan 2020 - 21

Consideration was given to a report of the external auditors, Deloitte, which advised of the work undertaken during the year ending 31 March 2021 on the financial statement together with the Annual Governance Statement and value for money conclusion and the perceived risks and their associated materiality.

Members were advised that the key risks remained as follows;

- Property valuations
- Completeness of expenditure, and
- Management override of controls

It was further reported that a number of revisions to auditing standards had been introduced with effect from 31 March 2021 as follows;

- ISA 570 Going concern
- ISA 540 auditing accounting estimates and related disclosures

RESOLVED

- a) That the report be noted;
- b) That the 5% threshold for materiality be endorsed; and
- c) That the key risks identified by Deloitte (external auditor) be endorsed.

Chair