

## **AUDIT AND STANDARDS COMMITTEE**

Monday, 9th November, 2020  
Time of Commencement: 7.00 pm

**Present:** Councillor Paul Waring (Chair)

Councillors:	Kenneth Owen	Mike Stubbs
	Sylvia Dymond	Gillian Burnett
	Sarah Pickup	Barry Panter

Officers:	Jan Willis	Interim Executive Director - Resources and Support Services and Section 151 Officer
	Daniel Dickinson	Head of Legal & Governance /Monitoring Officer
	Sarah Wilkes	Head of Finance
	Clare Potts	Chief Internal Auditor
	Denise French	Democratic Services Team Leader
	Nesta Barker	Head of Environmental Health Services

Also in attendance: Councillor Stephen Sweeney,  
Portfolio Holder for Finance  
and Efficiency;  
Andrew Smith,  
Grant Thornton

30. **APOLOGIES**

There were no apologies for absence received.

31. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

32. **MINUTES OF PREVIOUS MEETING**

**Resolved:** That the minutes of the meeting held on 28<sup>th</sup> September 2020 be approved as a correct record.

(Note: Councillor Sweeney, Portfolio Holder for Finance and Efficiency, updated on ongoing issues with the Jubilee 2 building. The Committee had discussed at the last meeting whether to undertake a review of issues at J2. Councillor Sweeney advised that the Cabinet meeting on 14<sup>th</sup> October had considered a report on a number of building defects including the current position relating to three longstanding issues. Cabinet had endorsed the approach to address a number of defects and agreed to review historical issues with the building to ensure any lessons could be learned.

**33. AUDITED STATEMENT OF ACCOUNTS FOR 2019/20**

The Committee considered the Audit Findings for Newcastle under Lyme Borough Council presented by Andrew Smith of Grant Thornton.

Andrew Smith explained that the Audit was nearing conclusion; there were a few matters that were still being worked through with the Council's finance officers, the main item related to the valuation of car parks. He explained that, pending the outcome of the car park issue, he expected an unqualified audit opinion would be given. He confirmed the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. He placed on record his thanks and appreciation of the work done by Council staff during the Audit process during unprecedented circumstances.

The Committee's attention was drawn to key points in the report:

- The 'significant audit risks' were outlined – the Committee was informed that no significant issues in terms of revenue had been identified; nor had any risks been identified in terms of management override of controls. In relation to valuation of land and buildings, some issues had been identified in relation to valuation of property and equipment and uncertainty around these values due to the timing of valuations prior to 31<sup>st</sup> March 2020. There was also uncertainty around the valuation of the Pension Fund and the ongoing impact of the pandemic on illiquid asset values.
- Other audit risks – these included the Fixed Asset Register System – the Committee was advised that the new system was a significant improvement but some historical errors had been identified; and the audit had identified that some Investment Property had not been revalued during the year in accordance with good practice.
- Going concern – the audit had not identified any issues that cast doubt on the Council's ability to continue as a going concern.
- Value for Money – the Audit identified that good arrangements were in place and although a deficit budget had been set there were sufficient reserves in place. Regular reports were submitted to Cabinet and an external consultant had been brought in to advise. The audit did include a note that the Council needed to continue to build reserves to become more financially resilient.
- The Action Plan contained 2 recommendations around revaluing assets categorised as investment properties on an annual basis; and secondly, that the Council review the useful lives of Vehicles, Plant, Furniture and Equipment to ensure they more accurately reflect actual lives.
- The report followed up the prior year's recommendations and all had been followed up.
- Audit adjustments were as outlined.
- A table of unadjusted misstatements was drawn to the Committee's attention; the table included the reasons the Council had decided against making an adjustment; these related to Flexible Use of Capital Receipts, Investment property where assets were not revalued in 2019/20; and Depreciation correction. The Committee was required to approve the Council's action in not making an adjustment.

Members were given the opportunity to raise any queries and clarification was sought on the meaning of REFCUS. The Committee was advised this referred to Revenue Expenditure funded by Capital; the Council was allowed by law to do this. The auditor felt projects should have been accounted for as REFCUS rather than flexible

use of capital receipts. Members asked where this expenditure had occurred and the Head of Finance advised it was partly on the new waste and recycling service including project and staff costs and costs of leaflets.

**RESOLVED:** That

- (a) The accounts for the financial year 2019/20 be received;
- (b) The Audit Findings Report for the financial year 2019/20 be received;
- (c) The Committee approves the action of not making an adjustment to the final set of financial statements in relation to the three items listed in Appendix C of the Audit Findings Report; and
- (d) Delegated power be granted to the Chair of the Committee to sign off the final audited accounts on completion of the Audit.

(Note: in relation to item (c) above, Councillor Mike Stubbs requested that his name be recorded that he abstained from voting on this part of the resolution).

**34. QUARTER 2 CORPORATE RISK MANAGEMENT REPORT 2020 - 21**

The Committee considered the Quarter 2 Corporate Risk Management Report 2020-21. The report confirmed there were no outstanding risk reviews but there was some increase in risk levels, as outlined in Appendix A, this was mostly due to Covid-19. There were no new identified risks. Appendix B to the report outlined the risk based on a No Trade Deal Brexit. This work was based on a coordinated approach across Staffordshire and not all risks would relate to the Borough. The key risk for the Borough was around the resilience of the supply chain and ensuring this could be managed.

**RESOLVED:** That

- (a) It be noted that there are no overdue risk reviews;
- (b) The 5 risk level increases be noted;
- (c) It be noted that there are no new identified risks; and
- (d) The current position on Brexit – No Trade Deal be noted.

**35. INTERNAL AUDIT UPDATE QUARTER 2**

The Committee considered the Internal Audit Update Quarter 2 report presented by Clare Potts, Chief Internal Auditor. The report outlined those reviews which were in progress by the end of September. A progress update would be made to the next meeting as part of the Quarter 3 update.

The Appendix to the report outlined progress with the outstanding Audit recommendations; to date 225 recommendations had been implemented out of a total of 255.

**Resolved:** that the Internal Audit Update Quarter 2 be noted.

**36. TREASURY MANAGEMENT HALF YEARLY REPORT 2020/21**

The Committee considered the Treasury Management Half Yearly Report 2020/21 and reviewed the Treasury Management activity for the period.

Members noted that no borrowing had been undertaken during the first 6 months of the financial year and asked whether any would be taking place in the near future.

The Head of Finance explained that the Capital Programme had been reviewed and some projects had been scaled back; but any need for borrowing would taken into account the impact of Covid 19.

**Resolved:** that the Treasury Management Half Yearly Report be received.

**37. HEALTH AND SAFETY SIX MONTHLY REPORT 2020-21**

The Committee considered the Health and Safety six monthly report for 2020/21. The Head of Environmental Health explained that the Employee Handbook and Workplace Policy on Smoking had both been reviewed and made available to all staff. The Lone Working Policy review had been delayed. The priority for Health and Safety for the current year had been Covid 19 with risk assessments carried out for various sites and work practices.

During the period there had been 29 accidents, with 3 being reportable under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013); this was a significant reduction in numbers of accidents from the previous 6 months.

Members requested an update on the window blinds at Castle House. It was reported that the blinds were now in place and were to be trialled in Customer Services and the library; however, due to few staff working in those areas, further trialling was needed. This would be updated to the Committee in the next Health and Safety report.

**Resolved:** that:

- (a) the report be received; and
- (b) the next report on Health and Safety include an update on the provision of window blinds in Castle House.

**38. BACK ON TRACK - CORONAVIRUS PANDEMIC RECOVERY PLAN UPDATE**

The Committee considered an update report on Covid 19 as submitted to Cabinet on 14<sup>th</sup> October. Councillor Sweeney highlighted the role of the County wide Outbreak Board, on which the Leader was a Member, and the role of the Multi Agency Board, which he chaired, whose role including ensuring all possible steps were being taken across the key institutions to reduce infection rates in the Town Centre, particularly in the younger adult population. Councillor Sweeney referred to recent financial support received from the Government in relation to the impact of the pandemic and funding received for the Future High Streets scheme.

**Resolved:** that the update report be received.

**39. COMMITTEE WORK PLAN**

The Committee considered the Work Plan 2020/21. Members asked that the update to the next meeting include the impact on the Council of a no Trade deal Brexit, should that occur.

**Resolved:** that the Work Plan be received and updated to include an item to the next meeting on the impact of a no Trade deal Brexit, should that occur.

**40. URGENT BUSINESS**

There was no Urgent Business.

**Chair**

Meeting concluded at 7.50 pm