

The key headlines were highlighted:

- (a) Significant Risks:
 - Management over-ride of controls
 - Valuation of land and buildings
 - Valuation of the pension fund net liability.

Grant Thornton would undertake work on all these matters which would be reported back to the Committee in due course.

- (b) Materiality – this was explained as the level of error worked to while undertaking the Audit and had been determined at £1.15m which equated to 1.97% of the council's prior year gross expenditure. Any findings above this level would be reported to the Committee.

- (c) Value for Money Arrangements

The Value for Money risk assessment was in progress but work to date had identified an area of significant weakness as below:

- Financial sustainability for which additional risk based work would be carried out.

Work would also be undertaken to look at arrangements in 3 other areas: improving economy, efficiency and effectiveness; financial sustainability; and governance.

Andrew explained there had been a change in scope which meant auditors were required to undertake additional work to assess and understand the Council's internal controls over accounting estimates. The Committee would have a role in providing oversight of how estimates were prepared and this would be part of a report to the next meeting of the committee when considering the accounts.

Grant Thornton had now completed their planning work and were to begin work on the audit of the year end accounts which would be presented to the September meeting of the Committee. The findings would be in the Annual Audit Report and would include commentary on value for money (VfM). The National Audit Office had recently reported that the VfM report could be submitted 3 months after the audit findings report. Andrew confirmed the increase in fees which was based on additional work arising from changes in VfM requirements and the impact of the Covid-19 pandemic. There was funding from the Ministry for Housing, Communities and Local Government to offset fee increases for these reasons. Finally Andrew confirmed that Grant Thornton was independent as required but drew attention to non-audit work carried out by the company around housing benefit and this was referenced in the report.

Resolved: that the report be received.

54. **CORPORATE RISK POLICY AND STRATEGY 2021/22**

The Committee considered the Risk Management Policy Statement and Risk Management Strategy, both of which had been reviewed and updated to incorporate changes in how the Council worked in the identification and management of risk. The report outlined that risks would be rated in terms of measuring both their impact

and their likelihood using a high, medium or low score for both measures. There would then follow an Action Plan to manage each risk.

Resolved: that the Risk Management Policy and Strategy 2021/22, as approved and signed by the Chief Executive and Leader of the Council, be noted.

55. CORPORATE RISK MANAGEMENT REPORT - FOLLOW UP

The Committee considered a report detailing the three risk areas identified for review at the last meeting of the Committee – Air Quality; Financial Risk and Workforce. The purpose of the report was to enable understanding of the process by which risks were identified, recorded, reviewed and escalated via the Council's risk management process.

The risk management process was outlined and involved:

- Identification
- Evaluation/assessment
- Control
- Monitor, review and communicate.

Reviews were coordinated by the Council's Strategic Risk Champion.

The report showed how 3 specific Air Quality Risks would be managed:

- The risk would be described by the service department
- The potential consequences would be identified
- The implications would be noted
- An assessment would be carried out of both the impact and the likelihood which would lead to a risk score.
- This would be allocated to a risk owner, in this example the owner was the Head of Environmental Health. They would look at key control measures both in place or that could be put in place to manage the risk.
- The risk would then be reassessed to produce a final risk rating.
- Any future control measures could then be identified and an Action Plan produced.

In response to a question about whether the Air Quality examples presented included landfill it was confirmed that they did not; the examples were the JAQU Bus Retrofit; North Staffs Local Air Quality Plan; and Local Air Quality Management.

In relation to financial risks the overall finance risk was a corporate risk for the whole Council with a full set of controls and actions. The report showed how the council used the GRACE system to manage financial risk profiles. There were also specific financial risks on a departmental basis such as loss of income.

The third example of risk management related to Workforce. This risk was managed on a departmental and whole council basis. The report showed an example of some of the workforce risks within the Environmental Health department. It also outlined the escalation process if required.

Resolved: that the process of risk management and the detail relating to the three risk profiles – Air Quality; Financial Risk and Workforce – be received and noted.

56. COUNTER FRAUD ARRANGEMENTS

The Head of Finance presented the policies that supported the Council's Counter Fraud arrangements. They were presented to the Committee on an annual basis for review. The Counter Fraud policies comprised:

- Anti-Fraud and Anti-Corruption Framework
- Fraud Response Plan
- Whistleblowing Policy
- Anti-Money Laundering Policy

The policies had been updated with minor changes relating to new money laundering legislation which came into force on 10th January 2020, the appointment of the Monitoring Officer and changes to job titles. The Council's Corporate Fraud Officer had retired in March but the Council continued to use the Fraud Hub provided by Stoke on Trent Council. The Council's approach was guided by the CIPFA Code of Practice on managing the Risk of Fraud and Corruption.

The Head of Finance explained that all staff were required to undertake a short e-learning course on fraud awareness. The Chair asked whether this could also be made available to Members of the Council and the Head of Finance confirmed that it could.

Resolved: that

- (a) The policies which support the Counter Fraud function be noted - Anti-Fraud and Anti-Corruption Framework; Fraud Response Plan; Whistleblowing Policy; and Anti-Money Laundering Policy; and
- (b) The e-learning Fraud Awareness course be offered to all Members of the Council.

57. INTERNAL AUDIT PLAN 2021/22

The Chief Internal Auditor, Clare Potts, presented the proposed Internal Audit Plan 2021/22. Clare also referred to the Internal Audit Charter, attached as an appendix, which identified how the audit work was delivered.

The Audit Plan was based on the Council's objectives and perceived risks. A significant factor was to take into account emerging issues both local and national and the Audit team would monitor and track these throughout the year and bring them to the Council's attention where necessary. Any outstanding audits from the previous year had been picked up for the current year's plan. The plan picked up any items identified from Executive Directors and Heads of Service.

The Audit Plan had identified that work would be undertaken in relation to a number of key financial systems. Clare explained that the days allocated for this work may appear to be small but this was because substantial work had already been undertaken and the current work was based on smaller health check audits. In relation to IT there would be an IT needs based assessment at the beginning of the Plan based on a number of factors including a new Head of IT and changed landscape due to the pandemic and increased home working.

Resolved: That

- (a) In accordance with the Committee's terms of reference, the Internal Audit Plan for 2021/22 be approved.
- (b) The Internal Audit Charter for 2021/22 which sets out how the plan will be delivered be approved.

(c) The Committee agrees to receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising.

58. WORK PLAN

The Committee considered the Work Plan. There was currently one item for the June meeting and a further meeting scheduled for July. The Chair suggested the June meeting be cancelled and the item on Corporate Governance be moved back to the meeting scheduled for 26th July. Members agreed that the report on the impact of the Covid pandemic and lessons learned, as requested at the previous meeting, be included on the Work Plan for September.

Resolved: that:

- (a) The Work Plan be noted;
- (b) The September meeting include a report on Covid; and
- (c) The meeting scheduled for 28th June be cancelled.

59. URGENT BUSINESS

There was no Urgent Business.

Chair

Meeting concluded at 7.44 pm