

AUDIT AND STANDARDS COMMITTEE

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

Present: Councillor Paul Waring (Chair)

Councillors: K. Owen M. Stubbs B. Panter
S. Pickup G. Burnett

Officers: Geoff Durham Mayor's Secretary / Member Support Officer
Jan Willis Interim Executive Director - Resources and Support Services and Section 151 Officer
Daniel Dickinson Head of Legal /Monitoring Officer
Sarah Wilkes Head of Finance

Also in attendance: Grant Thornton
University of Keele

1. **APOLOGIES**

Apologies were received from Councillor Dymond who was on mandatory Planning training.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the meeting held on 11 November, 2020 be agreed as a correct record.

4. **MATTERS ARISING FROM THE MINUTES**

ITEM 7. Resolution (iii)

The Chair advised Members that the revised Code of Conduct would be brought to a future meeting. This was because the Local Government Association had announced that a new national model code would be issued on 30 June which the Council was likely to adopt. Currently it was anticipated that the matter would return to the Committee on 27 July on route to Council on 23 September.

5. **CORPORATE RISK MANAGEMENT REPORT- QUARTER THREE**

Consideration was given to a report informing Members of the progress made by the Council in enhancing and embedding risk management for the period October to December, 2019.

The Interim Executive Director – Resources and Support Services and Section 151 Officer, Jan Willis advised that there had been a lot of work done since the previous period. Members' attention was drawn to the last item on page 16 of the agenda – 'major infectious disease'. The Council's Executive Management Team had held a number of lengthy meetings in light of the Corona Virus outbreak and the Pandemic Flu Plan was being updated as a result. It was hoped that this would be completed within the next few days.

The scenario of losing up to twenty percent of the Council's workforce had been looked at as to how to prioritise services in the event. Also, the loss of access to buildings had been considered. There was still a lot of work required which was ongoing. The Country was still in containment phase at present so it was not expected that there would be mass absences in the next few weeks.

The Chair added that there was a necessity to keep the situation monitored.

Councillor Stubbs stated that it was important that the residents were kept informed and that Councillors had the information to pass on. Councillor Panter asked if a public statement would be going out from this Council.

Jan Willis advised that information may need to be communicated in the next few weeks.

Councillor Sweeney made reference to item 14 on the chart which related to 'workforce', advising that several new members of staff in key posts had been recruited and had started work at the Authority.

- Resolved:**
- (i) That it be noted **that** there are no overdue risk reviews (point 2.1.1).
 - (ii) That it be noted that there are no risk level increases (point 2.2.1).
 - (iii) That it be noted that there are 14 new identified risks (point 2.2.2).**
 - (iv) That the managed additional risk in relation to Major Infectious Diseases be noted. (point 2.2.3).**
 - (v) That Appendix A be noted.**

6. **INTERNAL AUDIT PROGRESS REPORT - QUARTER THREE**

Consideration was given to a report updating Members on the work undertaken by the Internal Audit section during October to December, 2019.

Jan Willis advised that, at the previous meeting of this Committee a number of audits had been deferred as there had been further matters which had required attention.

Members' attention was drawn to Table 2 of the report on page 18 of the agenda which showed deferral of a further two audits and the reasons for doing so.

Arrangements were in place to ensure that the rest of the plan would be delivered by the end of March.

Councillor Stubbs stated that he understood why the Brexit audit had been deferred but asked if an interim report could be produced, explaining what had been done to date.

Jan Willis explained that there had been discussions about doing a light touch audit regarding a 'no-deal' but that was no longer an issue. However, at the end of the year there could be issues if no trade deal is reached.

A light touch audit could be prioritised for the first quarter of the new financial year but would only be based on what was currently known and predictions. Furthermore, April may be too soon with June being a better option.

Councillor Stubbs stated that he would be happy to push it to the June meeting but added that it needed to be more than a light touch audit.

The Chair suggested that it was more important to know what the preparations were.

Jan Willis stated that she would circulate a response to Members after the meeting.

- Resolved:**
- (i) That the report be received.
 - (ii) That the deferral of the audits listed in section 3.2 of Table 2, be agreed.

7. EXTERNAL AUDIT PLAN 2019-20

Mr Andrew Smith of Grant Thornton gave a presentation to Members outlining what was happening in the external audit market at the current time. The presentation covered FRC Regulations; the length and complexity of accounts; audit deadlines; audit fees; recruitment and retention and reviews of the audit market (Redmond Review).

Mr Smith advised Members that Grant Thornton had asked for the target date for the issue of audit certificates to be put back to the original September deadline instead of July as it was putting undue pressure on audit resources and gave no room for contingency.

The Chair agreed that moving the date back to September was a good idea as logistical problems could create a target date which was unfeasible.

Mr Smith explained the External Audit Plan for the year ending 31 March, 2020.

Members' attention was drawn to page 31 of the agenda which outlined the significant audit risks. Mr Smith added that these were standard risks which all auditors must have regard to and not specific to any Authority.

Page 34 of the agenda listed 'other risks' and reference was made to the outsourcing of the Payroll system which would need further assessment by Grant Thornton.

Page 40 of the agenda gave the reasons for the Audit Fee variations.

Councillor Stubbs understood the need for increases in fees and asked if Grant Thornton were asking the Council to accept the fee increase or telling that they had.

Mr Smith stated that it was technically a request. However, should the request be refused, Grant Thornton would effectively be in dispute with the Council and this would undermine their independence. In these circumstances they would not be able to continue as the Council's auditors and PSAA would have to appoint another firm to undertake the audit.

Mr Smith recommended that Members read the PSAA report and Jan Willis advised that a copy was available if Members wished to see it.

Resolved: That the report be received, comments noted and the external audit plan be approved.

8. INFORMING THE AUDIT RISK ASSESSMENT FOR NEWCASTLE UNDER LYME BOROUGH COUNCIL 2019 -20

Mr Parker introduced this report, drawing members' attention to the purpose of the report on page 49 of the agenda – to contribute towards effective two way communication.

The report looked at fraud, laws and regulations, going concern, accounting estimates and related parties.

Members were advised that this was an information only item which contained a standard number of items which had been responded to.

Resolved: That the information be received and the comments noted.

9. UPDATE OF FINANCIAL REGULATIONS

The Council's Head of Finance, Mrs Sarah Wilkes introduced a report advising on proposed revisions to the Council's Financial Regulations and Procedures which would need to be presented to Full Council for adoption.

The amendments were shown as tracked changes on pages 83 to 147 of the agenda. Page 80 of the agenda outlined the amendments made.

Members' attention was drawn to page 104 of the agenda which, at paragraph 1.5 showed changes to monetary limits.

A new Section, (7) Commercialisation Governance had been added in line with the Council's Commercial Strategy.

Councillor Stubbs referred to the changes outlined on page 104 of the agenda and asked if the new figures were still liable for call-in to the Cabinet.

The Monitoring Officer advised that this type of decision was a Treasury Management decision,, not subject to call-in.

Financial limits for Key Decisions had been increased by Full Council in 2019.

Resolved: That it be recommended to Council that the revised Financial

Regulations and Procedures, asset out in Appendix 1 of the report, be adopted.

10. **URGENT BUSINESS**

There was no Urgent Business.

CLLR PAUL WARING
Chair

Meeting concluded at 8.05 pm