

## **AUDIT AND STANDARDS COMMITTEE**

Friday, 1st May, 2020  
Time of Commencement: 2.00 pm

<b>Present:</b>	Councillor Paul Waring (Chair)	
Councillors:	K. Owen S. Pickup	M. Stubbs G. Burnett
Officers:	Geoff Durham  Jan Willis  Daniel Dickinson  Sarah Wilkes Nesta Barker	Mayor's Secretary / Member Support Officer Interim Executive Director - Resources and Support Services and Section 151 Officer Head of Legal & Governance /Monitoring Officer Head of Finance Head of Environmental Health Services
Also in Attendance	Clare Potts	Head of Internal Audit (Stoke on Trent City Council)

**Note:** In line with Government directions on staying at home during the current stage of the CV-19 pandemic, this meeting was conducted by video conferencing in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

### 1. **APOLOGIES**

Apologies were received from Councillors Dymond and Panter and Mr Butters (Keele University).

### 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 9 March, 2020 be agreed as a correct record.

### 4. **MATTERS ARISING FROM THE MINUTES**

ITEM 6- INTERNAL AUDIT PROGRESS REPORT

Councillor Stubbs had asked that an interim report on the Brexit Strategy be prepared and circulated to Members. The Chair confirmed that this had been done and Members indicated that they had all received a copy.

**5. INTERNAL AUDIT PLAN 2020/21**

The Head of Internal Audit at Stoke on Trent City Council, Claire Potts introduced a report informing Members of the proposed Internal Audit Plan for 2020/21 and to seek approval on its contents.

Members were advised that the Plan had been prepared prior to the Coronavirus outbreak and some revisions therefore may need to be made.

One of the risks associated with the production of the Plan was the inability to access people for discussions during the lockdown. The risk assessment could also be subject to change.

Members attention was drawn to paragraph 2.1 of the report and Appendix A of the report which outlined the work that would be carried out in 2020/21. The Plan had been produced at the beginning of March.

Some of the audits that had been deferred from 19/20 had been included in the new Plan.

Members were advised that the Draft Internal Audit Charter 2020/21, attached at Appendix B was the same as last year with some minor changes to reflect the revised arrangements for the provision of internal audit services.

Councillor Pickup enquired as to how relevant the Plan was in light of the current situation. Mrs Potts advised that, due to uncertainty as to when the lockdown would end, it could not be assessed. However, some of the work could be started at this stage. The Plan that was in existence at this point in time was the best one under the circumstances. The Plan would be kept under review and regular updates would be provided to the Committee.

Councillor Pickup referred to the Council's reserves of which some had been used and asked how much money had been received from the government.

Mrs Potts advised that this was covered in Appendix A under the Corporate heading of Financial Resilience which was on the Plan to be looked at.

Councillor Stubbs asked how the Committee could approve the schedule when there was uncertainty as to what may happen over the next few weeks, adding that it tied the Council to something that could change tomorrow.

Councillor Stubbs asked if a decision could legally be deferred as there was uncertainty as to what the Audit Plan would look like in the next few months.

The interim Executive Director for Resources and Support Services, Jan Willis advised that internal and external audits had differing remits and financial resilience would be one of the areas focussed upon by the external auditors. Internal audit focusses on key controls.

If the Council did not have an Audit Plan, even though it could be subject to change, all audit activity would be on hold. A lot of the Audit Plan covered core financial systems. One thing that could change may be how some of the audits are prioritised.

The Chair agreed that it was essential to have a starting point.

Councillor Stubbs stated that his concern was to the general public in that the only way they could be kept informed at present was through virtual meetings and published documents. Councillor Stubbs was happy to go forward but to add somewhere that statutory requirements would be done first. In addition, he asked that once a cost was known, could this Committee be notified.

- Resolved:**
- (i) That, in accordance with the Committee's terms of reference, the Internal Audit Plan for 2020/21, be approved.
  - (ii) That the Internal Audit Charter for 2020/21 which sets out how the plan will be delivered, be approved.
  - (iii) That the Committee receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising.

**6. REVIEW OF SCHEME OF DELEGATION FOR LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976 AND TOWN POLICE CLAUSES ACT 1847**

The Head of Environmental Health Services, Nesta Barker introduced a report proposing an amendment to the Scheme of Delegation in respect of taxi and private hire licensing, which would allow officers to deal with certain types of applications not fully compliant with current licensing policy.

Members' attention was drawn to section 4 of the report which set out the proposal. Mrs Barker advised that this had been considered by the Licensing and Public Protection Committee and the Constitution and Member Support Working Group and both were in support of the proposal.

If this Committee was also in support, a report would be submitted to Full Council.

- Resolved:** That it be recommended to Council that this Committee supports the proposed amendments to the Scheme of Delegation.

**7. UPDATE ON PROPOSED CHANGES TO FINANCIAL REGULATIONS**

The Head of Legal and Governance / Monitoring Officer, Daniel Dickinson advised that this Committee had approved an update to the Financial Regulations on 9 March, 2020. It had been expected to take the item to Full Council on 1<sup>st</sup> April but, due to the Coronavirus outbreak that meeting was cancelled.

The update would therefore need to be adopted at the next Full Council meeting.

At present the Regulations show a lot of actions which the Executive Director of Resources and Support Services is authorised to carry out. These should be functions vested in the S151 Officer. Whilst the current Section 151 officer also happens to be the Executive Director, this isn't problematic. However, the Section 151 Officer need not be the Executive Director. That role could, in future, be discharged by some other officer. To future proof the Regulations should any changes to the role be made, the Monitoring Officer intended to change references to 'Executive Director' to "Section 151 Officer" instead when the report was presented to Council. He sought Member's approval, which was received.

**Resolved:** That the information be received.

**8. URGENT BUSINESS**

The following item was brought to this Committee at the approval of the Chair because it had been updated to reflect the current circumstances regarding the Coronavirus and it was important for this Committee to be kept informed.

**9. UPDATE TO AUDIT PLAN AND SCOPING LETTER**

An update to the Audit Plan and Scoping letter had been received to reflect issues raised by the Coronavirus outbreak. The Audit Plan had been approved prior to lockdown on 23 March.

The Plan that had been submitted now was exactly the same as the previously approved one except that it included more home working. In addition, risks have been added to reflect extra costs that all Councils across the country have had to meet.

Mr Javed Akhtar of Grant Thornton advised Members that no changes were proposed to the Audit fee.

Councillor Stubbs made reference to a statement made that value for money and costs would not change but added that in the letter stated that if there were changes, Grant Thornton would advise the Council. Councillor Stubbs felt that agreeing to this could give the Auditors the opportunity to increase costs if it was felt necessary.

The Chair stated that any proposed changes to fees would have to go to a monitoring board first. Mr Akhtar confirmed that any proposed fee changes would need to go through the PSSA.

Councillor Sweeney stated that at the previous meeting some Members had voted against a £7000 increase to the fee and asked what would happen if the Council was in dispute with the Auditors.

Mr Akhtar advised that the matter would be referred to the PSSA and the Council's case would be presented which could result in a renegotiation or a change of Auditors.

Councillor Pickup asked how realistic it was that the deadline to close last year's accounts would be met. Also, was there a penalty or extra audit work required.

Ms Willis advised that the timetable had been extended to complete and have the certificate of completion issued. The Council's Finance team were still working towards the agreed timetable and there was no reason to think that the deadline would not be met subject to external audit resource availability.

The Council's Head of Finance, Sarah Wilkes advised that the timetable could possibly slip a couple of weeks due to additional work that had arisen through the Coronavirus.

Ms Willes advised that a letter had been received from the PSSA confirming the scale of fees with additional items that had been agreed nationally.

Councillor Pickup asked what amount of notice would need to be given by Grant Thornton. The Chair advised that Grant Thornton would be expected to advise the Council before any work was done.

Mr Akhtar confirmed that if the need arose to do any extra work which resulted in a fee variation, they would negotiate with the Council's Section 151 Officer and then ask the Audit and Standards Committee to approve it.

Councillor Pickup stated that the Council had to pay extra audit fees last year and asked whether the Audit and Standards Committee had been made aware of that. The Chair was certain that the Committee had been advised but no figures were given.

Councillor Pickup stated that this Committee should be told of implications and costs as soon as possible even if it was through an email from the Chair.

The Chair agreed and advised that he would ensure that this was done in the future.

Councillor Stubbs appreciated that the current circumstances could result in Grant Thornton needing to carry out extra work. However, he raised concerns that, should a national audit be undertaken on how the Coronavirus crisis had been dealt with, there was nothing shown in the budget and it was still a significant cost to the Council.

**Resolved:** That the information be agreed and the comments noted.

**CLLR PAUL WARING**  
Chair

Meeting concluded at 2.55 pm