

AUDIT AND STANDARDS COMMITTEE

Monday, 8th February, 2021
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:** Daniel Dickinson Head of Legal & Governance
 /Monitoring Officer
 Sarah Wilkes Head of Finance
 Martin Hamilton Chief Executive
 Denise French Democratic Services Team
 Leader
- Also in attendance:** Councillor Stephen Sweeney,
Portfolio Holder for Finance
and Efficiency
Phil Butters, Keele University
Clare Potts, Chief Internal
Auditor, Stoke on Trent City
Council
Andrew Smith,
Grant Thornton

41. **APOLOGIES**

There were no apologies for absence

42. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

43. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the meeting held on 9th November 2020 be agreed as a correct record.

44. **EXTERNAL AUDIT ANNUAL AUDIT LETTER**

Andrew Smith of Grant Thornton presented the Annual Audit Letter for the year ended 31st March 2020. The Letter summarised the key findings arising from the work carried out by Grant Thornton; the detailed findings had been considered by the Committee on 9th November 2020. Grant Thornton had also given an unqualified opinion on the Council’s financial statements on 27 November.

Andrew drew attention to the audit fees in the sum of £59,822. This was an increase from the original sum and the reasons for the increase were outlined and included the impact of the Covid-19 pandemic. Any variations in fees were subject to PSAA approval. For comparison, the audit fee of 10 years earlier had been considerably

higher. It was also reported that the Redmond Review had suggested audit fees were too low and as such could compromise the quality of the work. Fees for the forthcoming audit would also increase as there would be increased requirements for future audit work.

In discussing the report, Members raised queries and issues as below:

- In relation to audit fees, Members noted the responsibility the Council had for managing public money. Was it relevant to compare current fees with those from 10 years ago and was this a breach of contract? In response, the Committee was advised that the audit content from 10 years ago was similar to current audits and there was now a requirement to report on more matters than previously. The fee was not a fixed fee within the contract and any increase would be reviewed by the PSAA who would either authorise or reject it. If the Council wished, there was the option to remove itself from the PSAA contract and tender the audit process on the open market. Members discussed the option to include additional audit costs as part of their overall Covid related increased costs that would be submitted to the Ministry for Housing, Communities and Local Government.

Members asked for more detail on how the increased costs had been arrived at and it was explained that Grant Thornton used a timesheet system for recording time allocated. There were specific increased costs due to Covid-19 which had meant both the audit planning and risk assessment had to be revisited which had resulted in extra work; there had been additional work in relation to land valuations and pension liabilities; there was also a general impact on all audits due to remote working which had meant slower progress was made. There were no issues with the working papers supplied by the Finance Team to Grant Thornton. It was expected that some of these issues and extra workload would also relate to the next audit. There would also be additional workload to take account of the requirements of the Code of Audit Practice which meant measuring the Council against 15 key lines of inquiry and this would also result in fee increases. The implications were currently under discussion with the PSAA. The Audit Plan would be brought to the April meeting and would include the planned fee.

- A question was raised about the recommendation to review the useful lives of the Vehicles, Plant, Furniture and Equipment Assets to ensure they more accurately reflect the actual lives. The Head of Finance confirmed that this predominately related to the lives of Waste Vehicles and additional reviews were now built into the year-end processes and a specific automated system was being used to improve processes and enable better transparency.

Resolved: that

- (a) The Annual Audit Letter be received;
- (b) The PSAA be contacted to review the increased fee and the amount be paid in accordance with their advice; and
- (c) The increased costs of the Audit fee arising from the Covid-19 pandemic be included in the submission for financial support that the Council submits to the Ministry for Housing, Communities and Local Government.

45. INTERNAL AUDIT UPDATE QUARTER 3

Clare Potts, Chief Internal Auditor, introduced the report on the Internal Audit for Quarter 3, October-December 2020. The table on page 26 of the report showed the Audits in progress at the end of December 2020, the Audit of Elections had now been

completed and the results would be reported to the next meeting as part of the Quarter 4 review.

The Internal Audit team were considering CIPFA guidance for local authorities on the annual opinion which discussed how to reflect the impact of the pandemic on workloads and availability of resources.

Appendix A listed overdue audit recommendations and showed that the position at the end of Quarter 3 was that 230 recommendations had been completed out of a total of 250. This represented 90% and was close to the target of 96%. There were no overdue recommendations classed as high priority but those overdue would continue to be progressed.

Resolved: that the Internal Audit update for Quarter 3 be received.

46. QUARTER 3 CORPORATE RISK MANAGEMENT REPORT 2020-21

Sarah Wilkes, Head of Finance, introduced the Quarter 3 Risk Management Report. She explained that since the report had been written the number of overdue risk reviews had reduced from 5 to 2, both relating to Building Control – risk of a successful claim being made against Building Control services and risk of surplus or deficit against the service's budget. There had been no significant changes from the Quarter 2 report.

The Chair noted the Committee had previously discussed the need to give detailed consideration to a selected number of risk profiles to enable greater understanding. Members suggested these include Air Quality; Financial Risk and Workforce.

Resolved: that

- (a) The 2 overdue risk reviews be noted;
- (b) The position that there are no risk level increases be noted;
- (c) The 5 new identified risks be noted;
- (d) The update on current corporate risks as set out in Appendix A be noted; and
- (e) At the next meeting the Committee consider in detail the risk profiles relating to Air Quality, Financial Risk and Workforce.

47. COMMITTEE WORK PLAN

The Committee considered the Work Plan 2020/21. Members asked for an update on Standards training and the Head of Legal/Governance explained that the LGA had now published the Model Code of Conduct; the next stage would be for the Council to adopt it and once adopted, training would be arranged.

A member suggested an update be made to the next meeting on the impact of Covid to include a wide ranging scope such as operating costs, efficiencies and benefits arising from new ways of working, lessons learned and future implications.

Resolved: That:

- (a) the Work Plan be noted;
- (b) the next meeting include a detailed report on the impact of Covid-19 as outlined at the meeting; and

- (c) Standards training be arranged once the Council has adopted a new Code of Conduct.

48. URGENT BUSINESS

There was no Urgent Business.

Chair

Meeting concluded at 7.40 pm