

Audit and Standards Committee - 07/02/22

The National Audit Office had changed the Code of Audit Practice and now required the auditor to undertake a detailed review across 50 lines of enquiry in 3 areas:

- Financial Sustainability
- Governance
- Improving economy, efficiency and effectiveness.

The audit process would no longer result in an overall conclusion but would focus on a series of recommendations:

- Improvement recommendations
- Key recommendations – where a significant weakness was found that required action
- Statutory recommendations.

There were no key or statutory recommendations arising from this year's audit. There were 4 improvement recommendations relating to Governance:

- Linking risks to the corporate risk register to corporate objectives
- Internal audit coverage
- Level of detail within quarterly financial reports
- Completeness of declarations on the register of interests.

Responses had been provided to Grant Thornton on each recommendation and they were content with the information provided.

In summary, Andrew Smith said he considered the audit findings overall to be a positive assessment.

Members asked questions as follows:

- What comparisons were made to assess best practice? This included other local authorities but also regulatory bodies such as CiPFA.
- Was the council liable for additional costs arising from extra work carried out by Grant Thornton due to the recommendation about internal audit coverage? The Committee was advised that no extra work or cost had arisen due to this recommendation.
- Did the need to check Companies House result in additional costs? There was no extra costs and Grant Thornton recommended the council did an annual check at Companies House which was free of charge
- What investigations had been carried out regarding register of interests and could Group Leaders be kept informed of any issues that were identified? This would be followed up outside the meeting and the Chair informed of findings so any further action could be taken.

Members thanked staff and any stakeholders who had contributed to the audit process which had resulted in a good report following all the difficulties of the pandemic.

Resolved: that the annual audit letter 2020/21 be received.

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5. INTERNAL AUDIT UPDATE QUARTER 3

The Committee considered the Quarter 3 Internal Audit update covering the period 1 October to 31 December 2021, presented by Clare Potts, Internal Auditor. During the period 4 audits had been completed with one unsatisfactory finding relating to General Data Protection Regulations for which a list of improvements was set out in the report and officers had put an action plan in place.

Future reports would include an explanatory table of the meaning of each level.

The report showed the audits currently in progress and their status. The report also updated progress with previous recommendations and showed that out of 280 recommendations, 252 had been completed by 31 December 2021.

The next meeting of the Committee would receive the Annual Audit Plan for the forthcoming year which would pick up on the points made by the External Auditor in the Annual Audit Letter. Clare Potts was also confident that an annual opinion on the current year would be brought to a future meeting.

Members asked questions as follows:

- Did the council correctly advise on forms etc how data provided would be treated? Clare Potts felt that as this had not been raised as a concern, it was likely the correct information was provided but she would check and confirm outside the meeting
- When information and complaints regarding Walley's Quarry had been collected by the Council had residents been informed that their details may subsequently be handed over to the quarry operators? The Head of Legal and Governance advised that this was a complex and unique issue. When data was initially collected the Council's privacy notices advised that personal data would be kept confidential. However, as the council progressed through the court process it became apparent that this data would have to be shared; the Chief Executive had sent a detailed letter of explanation to residents and a copy was on the website.

Resolved: that the report be received.

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6. **APPOINTMENT OF EXTERNAL AUDITOR FOR THE FIVE YEAR PERIOD FROM 2023/24**

The Committee considered a report proposing that the Council accepted the invitation from the Public Sector Audit Appointments (PSAA) to opt into national auditor appointment arrangements for the five year period from 2023/24.

Members queried whether 5 years was too long to be tied into a contract and risks of cost increases being imposed during the contract period. The Committee was advised that all the Staffordshire Authorities were considering entering into the same arrangement with PSAA and there was only a limited number of External Auditors from which to choose. The recent fee increases had been partly reclaimed from the Government.

Resolved: that the Committee supports the proposal to accept the invitation from the Public Sector Audit Appointments (PSAA) to opt into national auditor appointment arrangements for the five year period from 2023/24 – 2027/28.

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7. **QUARTER 3 2021/22 - CORPORATE RISK MANAGEMENT REPORT**

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The Committee considered the Quarter 3 Corporate Risk Management Report. Since the report had been written the number of overdue risk reviews had reduced from nine to three. There were no risk level increases. There had also been 3 new identified risks for Q3:

- Future High Street Fund
- Newcastle Town Deal
- Kidsgrove Town Deal.

The new risks would be monitored by relevant Project Boards.

The Committee suggested the next meeting include risk profiles relating to cyber risk and data breach.

Resolved: that

- (a) The Quarter 3 Risk Management Report be received: and
- (b) The update to the next meeting include Risk Profiles for Cyber Risk and Data Breach.

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8. WORK PLAN

The Committee considered the work plan. The Committee was advised that the External Audit was expected to be available in time for the next meeting and there would be the Annual Internal Audit report and Annual Opinion too rather than the Quarter 4 progress report.

Resolved: that the Work Plan be amended to include the External Audit and Annual Internal Audit Report and Annual Opinion for the next meeting on 25 April 2022.

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9. URGENT BUSINESS

There was no Urgent Business.

**Councillor Paul Waring
Chair**

Meeting concluded at 7.38 pm