

AUDIT AND STANDARDS COMMITTEE

Monday, 14th November, 2022
Time of Commencement: 7.00 pm

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Present:	Councillor Paul Waring (Chair)		
Councillors:	Panter Whieldon	Stubbs Brockie	Talbot
Apologies:	Councillor(s) Holland		
Substitutes:	Councillor David Hutchison (In place of Councillor Mark Holland)		
Officers:	Sarah Wilkes Clare Potts Denise French Craig Turner	Head of Finance / S151 Officer Chief Internal Auditor Democratic Services Team Leader Finance Manager	
Also in attendance:	Phil Butters Mr Andrew Smith Harkamal S Vaid Councillor Stephen Sweeney	Independent Member on Audit and Risk Grant Thornton Grant Thornton Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth	

37. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

38. MINUTES OF PREVIOUS MEETING

Resolved: That the minutes of the meeting held on 7 September 2022 be agreed as a correct record.

39. AUDITED STATEMENT OF ACCOUNTS 2021/22

The committee considered the final accounts and draft audit findings report for the financial year 2021/22.

Andrew Smith of Grant Thornton presented the audit report and explained that the work was substantially complete. He expected to issue an unmodified audit opinion subject to the resolution of a number of queries that were set out and included the completion of operational land and buildings revaluations testing and a response being obtained from the actuary regarding a query raised on the valuation of the pension fund liability.

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At this stage there were 3 recommendations to the council relating to access to the general ledger, journal authorisation and lack of segregation of duties and capital accounting cut-off procedures.

Members raised queries and issues as follows:

- Page 7 of the Statement of Accounts referred to Town Deals monies for Kidsgrove and stated a sum towards “enhanced enterprise infrastructure in Kidsgrove (the development of Chatterley Valley West £3.68m). It was stated that the infrastructure was not in Kidsgrove but in Bradwell and this should be rewritten to be accurate.
- Page 8 referred to movement in useable reserves of £2,533,000 and clarification was sought. Members’ attention was drawn to note 9 on page 51 which showed the breakdown of the total sum; officers were happy to discuss this with Members individually if required.
- Could an explanation be given of the revisions to the Capital Programme as outlined on page 17 of the pack. Members were advised the revisions were through the Efficiency Board process and included those projects funded through the Town Deals and Future High Streets Fund.
- What were the strategic risks referred to on page 21 of the pack which were stated as possibly impacting the revenue budget on a worst case basis? Members were advised that this included risks such as had arisen from the Covid pandemic which had severely impacted income. The council would look at both global and local factors that could impact risk areas and apply a risk rating which would be constantly reviewed.
- It was noted that the report stated the Value for Money (VFM) work had not yet been completed and an audit letter explaining the delay had been shared with management and the Chair of the committee. Members asked why the letter had not been shared with the members of the committee as soon as it was received and requested that the letter be circulated. Andrew Smith of Grant Thornton explained that the delay was due to a resource issue and it was a requirement that any delay be explained to the Chair of the Committee. It was also confirmed that the Annual Report would be issued by 31 January 2023 not 2013 as in the report.
- In relation to prior year recommendations a query was raised around the completeness of register of interests. The committee was advised that this recommendation had led to officers carrying out checks on Companies House and officers were satisfied there were no risk areas.
- Further information was sought on Note 3 under the heading “Audit Adjustments” which referred to the council making a disclosure with regards to the estimation of the net pension liability and that the audit team did not consider this to meet the definition of a critical judgement. What was the reason for the audit view and had the council followed the Chartered Institute of Public Finance and Accountancy (CIPFA) Code? Andrew Smith explained that this was a minor issue which was incorrectly badge and the audit team did not consider it was a critical judgement, it was a requirement under the CIPFA Code to report on it. The council could be considered to be over disclosing. Andrew confirmed he was comfortable that the council had followed the CIPFA Code.
- A query was raised around whether fees may increase above the proposed fee level. Andrew advised fee levels would only increase if additional work was needed.
- The committee congratulated officers on the successful accounts and audit.

Resolved: that:

- (a) The final accounts for the financial year 2021/22 be received and approved;
and
- (b) The audit findings report for the financial year 2021/22 be received.

40. TREASURY MANAGEMENT HALF YEARLY REPORT 2022/23

The committee considered the Treasury Management Half Yearly Report 2022/23. The CIPFA Code of Practice on Treasury Management recommended that half yearly reports be submitted to Members to monitor and oversee delivery of the Treasury Management Strategy.

The report outlined the Council's Investment Portfolio which amounted to £30.3m as at 30 September 2022 and £117k interest had been earned for the half year.

Resolved: that the report be received.

41. INTERNAL AUDIT UPDATE QUARTER 2

The Chief Internal Auditor presented the Quarter 2 internal audit update covering the period 1 July – 30 September 2022.

During the period, 4 audits had been completed, two of which received marginal opinions – planning enforcement and trade waste. The opinion definitions were set out in the report.

A number of audits remained in progress as set out in the report. The report listed the total number of recommendations made compared to those outstanding; there had been 325 recommendations of which 274 had been implemented. Members noted a high number of outstanding recommendations fell within the Chief Executive's department and asked for detail of the two classed as high risk. The auditor explained that these related to IT Governance and the need to identify staff as Chief Information Security Officer and Chief Information Officer. The other high risk related to GDPR and training for all staff; the training had now been procured and was available. An update would be made to the next meeting.

Resolved: that the report be received.

42. COMMITTEE WORK PLAN

The committee considered the work plan for the year. The Chair suggested an item be added to the February agenda relating to the External Review of Internal Audit. He also suggested that the Risk Review reports be presented in a simplified and more user friendly format. The format would be considered before the next meeting and a proposal presented to the February committee.

Resolved: that February agenda includes items on External Review of the Internal Audit and a proposed new format for the Risk Review report.

43. URGENT BUSINESS

There was no Urgent Business.

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**Councillor Paul Waring
Chair**

Meeting concluded at 7.50 pm