

AUDIT AND STANDARDS COMMITTEE

Monday, 17th April, 2023
Time of Commencement: 7.00 pm

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Present: Councillor Paul Waring (Chair)

Councillors: Panter Whieldon Brockie
Holland Stubbs

Apologies: Councillor(s) Talbot

Substitutes:

Officers: Daniel Dickinson Service Director - Legal & Governance /Monitoring Officer
Sarah Wilkes Service Director - Finance / S151 Officer
Clare Potts Chief Internal Auditor

Also in attendance: Councillor Stephen Sweeney Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth
Andrew Smith External Auditor, Grant Thornton

1. **APOLOGIES**

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 6th February 2023 be agreed as a correct record.

4. **INTERNAL AUDIT PLAN 2023/24**

The Chief Internal Auditor presented the Internal Audit Plan for 2023/24, a risk based plan also including the Internal Audit Charter. A Corporate Fraud Service was provided by Stoke-on-Trent and a rolling programme of review had been put in place resulting in a shorter list of key financial systems. Consultancy support was also now available.

The Chair asked if anything specific related to the town deals and major projects within the Audit Plan. It was confirmed that major projects had been taken into account and that the team was currently in the process of doing the Town deal Audit from the previous year, to be expected around the first or second quarter.

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The Chair requested that more information be provided about the town deals audited, which the Chief Internal Auditor suggested to do as part of the quarterly audit update.

Cllr Stubbs asked the following questions and responses were provided as follows:

- What was the stage of the agreement with Stoke-on-Trent City Council and was the contract going to be reviewed prior to renewal? – The three years original contract was just coming to an end and a paper was about to be taken to Cabinet to extend the agreement for another year. A value for money exercise would be done.
- Could more information be provided about major risks and how to make sure these were addressed? – Officers were scanning the horizon and pulling out the information from a lot of sources, also looking at previous audit work and new potential risks. A review of major risks was included in quarterly audit updates.
- How were the Internal Audit Plan days allocated? – The audit was planned on a risk base.

Cllr Brockie wished to know how the Council coped with unforeseen situations and political variations. Officers responded that while everything could not be anticipated the Audit plan provided a framework to work within and was reviewed on a regular basis. It was reminded that an audit was only a snapshot in time, hence the quarterly updates, yearly horizon scanning and use of multiple sources of assurances.

- Resolved:**
1. That in accordance with the Committee's terms of reference, the Internal Audit Plan for 2023/24 be approved.
 2. That the Internal Audit Charter for 2023/24 which sets out how the plan will be delivered be approved.
 3. That the Committee agreed to receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising.

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5. CORPORATE FRAUD ARRANGEMENTS 2023/24

The Service Director for Finance (Section 151 Officer) introduced the report on Counter Fraud Arrangements along with the Council policies currently in place.

Cllr Stubbs wished to highlight the importance of the report and for members to take note of their content and notably the Nolan Principles.

- Resolved:** That the following policies which support the Counter Fraud function be noted:
1. Anti-Fraud and Anti-Corruption Framework;
 2. Fraud Response Plan;
 3. Whistleblowing Policy;
 4. Anti-Money Laundering Policy.

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6. RISK MANAGEMENT POLICY & STRATEGY 2023/24

The Service Director for Legal and Governance introduced the report on Corporate Risk Policy Statement and Strategy 2023/24 setting out how risks were identified, logged in and managed as well as how to mitigate or escalate them. A training session had taken place before the meeting and changes to the evaluation Matrix had been discussed to make the reports clearer to understand.

Resolved: (a) That the reviewed Risk Management Policy and Strategy for the 2023/24 year be accepted subject to changes.

(b) That the Chief Executive and Leader would sign the Policy Statement approved by the Committee be noted.

(c) That the Committee own respective responsibility in risk management be noted.

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7. EXTERNAL AUDIT ANNUAL REPORT

The External Auditor introduced his annual report. There weren't any significant weaknesses identified in any of the Council's value for money arrangements across the three thematic areas – those being financial sustainability, governance, and improving economy, efficiency and effectiveness. Nine improvement recommendations were raised for strengthening the Council's arrangements.

Cllr Stubbs asked the following questions and responses were provided as follows:

- On recommendation 2, why did the management take a different approach? – A commercial strategy had been introduced just before the pandemic hit which resulted in a need to adapt and make alternative arrangements. A new strategy was being kick-started with saving plans moving forwards and looking at a horizon of four to five years.
- On recommendation 4, had the review referred to started? – This was one of the previous year's recommendations that the Council hadn't been able to fulfil. A budget monitoring report was produced every month and going to the leadership team. Presenting the data in a user friendly format for members was being implemented progressively in consideration with the capacity of the Finance team.
- Had recommendation 5 to appoint two independent members to the Committee be implemented? – It hadn't been implemented yet but discussions were taking place so that the appointments can be advertised.
- What was the situation with regard to recommendation 8 about identifying dispensations from standard procurement policies and update the Financial Regulations? – The team was currently working on updating the Financial Regulations with this recommendation in mind.
- Could the Committee expect the recommendations to be completed during the financial year? – Yes and some of them already were.

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The Deputy Leader wished to remind members that the report had only just been received by the Service Director for Finance (S151 Officer).

Resolved: That the Auditor's Annual Report for 2021/22 be received.

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8. COMMITTEE WORK PLAN 2023/24

Due to a change in draft accounts deadlines it was agreed that the June meeting would be moved to the 30th May 2023 so that documents could be approved on time.

Resolved: That the work plan be received.

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9. URGENT BUSINESS

There was no urgent business.

**Councillor Paul Waring
Chair**

Meeting concluded at 7.42 pm