

# Minutes of the Audit and Standards Committee Meeting held on 21 March 2023

Present: Mike Worthington (Chair)

## Attendance

Carolyn Trowbridge (Vice-Chair)	Graham Hutton
Bernard Williams	James Salisbury
Philippa Haden	Janice Silvester-Hall
Phil Hewitt	Richard Cox

**Also in attendance:** Hassan Rohimun (Ernst Young (external auditors))

**Apologies:** Ross Ward, Ann Edgeller, Bernard Peters, Arshad Afsar and Keith Flunder

## PART ONE

### 46. Declarations of Interest

There were no declarations of interest on this occasion.

### 47. Minutes of the Meeting held on 13 December 2022

**Resolved** – That the minutes of the meeting held on 13 December 2022 be confirmed as a correct record and signed by the Chairman.

### 48. External Audit Plan 2021/22 (Ernst Young, External Auditors)

On behalf of Ernst Young (External Auditors) Hassan Rohimun submitted the proposed External Audit Plan for 2021/22.

Reporting on the strategy for the Audit Hasan Rohimun detailed each of the risks and areas of focus for the 2021/22 audit exercise explaining the reasoning behind the selection of each.

Responding to queries from Members Hassan explained that the valuation of property, plant and equipment – Land and Buildings had been identified as high risk due to the material impact of any errors in the assumptions and judgements in the expert advice on which the Council relied. The disposal of schools converting to Academies was deemed to carry an inherent risk as errors to the accounting for disposals on conversion had previously been identified.

The remainder of the Audit Plan detailed the approach to be adopted in reviewing how the council used its resources to achieve Value for Money, the Materiality to be applied during the audit (ie the monetary level over which misstatements would be deemed to influence economic decisions), the Scope and Timescale for the audit and, finally, the staff involved and fees to be charged.

**Resolved** – That the External Audit Plan 2021/22 be accepted.

#### **49. External Audit - Verbal Update (Ernst Young, External Auditors)**

Updating members on the progress of the 2020/21 External Audit ,Hassan Rohimun reported that the Councils updated information on Infrastructure Assets accounting had been received and once reviewed by his Team the Audit would be completed.

**Resolved** – That the update be noted.

#### **50. Future of Local Public Audit – Appointment of External Auditor.**

The Director of Finance reported that, as previously authorised by this Committee, the Council had opted into the sector led procurement process, administered by the Public Sector Audit Appointments Ltd (PSAA) for the selection of an external auditor of the 5 year period commencing April 2023. The procurement process had resulted in KPMG being appointed.

The Director reported a 150% increase in audit scale fees for 2023/24 indicating that the estimated cost to the County Council for 2023/24 would be in the region of £110,088 plus yet to be identified additional costs.

Mindful of the national shortage of auditors and the difficulties which public sector organisations had experienced in achieving completed external audits for 2020/21 the Committee acknowledged the need for increased fees.

**Resolved** – that the outcome of the sector led body procurement process for the appointment of the external auditor for the County Council with effect from 2023/24, for a period of five years, as being KPMG LLP be noted.

#### **51. Review of the Effectiveness of the Audit & Standards Committee**

Members received a presentation on new CIPFA guidance for the assessment of the effectiveness and influence of Audit Committees.

In addition to setting out the core functions, key features and expected role of an Audit Committee, updates in the Guidance included calls for greater

focus on the ethical framework, recognition of the wide range of partnerships and collaborations entered into by Councils and the appointment of Independent Members on Audit Committees. Specific information was provided on the self assessment of good practice and the evaluation of the impact and effectiveness of the Committee.

The Committee recalled previous discussions on the principle of appointing Independent Members to the Committee and were of the view that any future proposal should focus on identifying personnel who could fill any gap identified by a skills audit of the Committee membership.

**Resolved** – That:

- (i) a self assessment exercise utilising the CIPFA guidance be carried out at a members' Workshop on 23 May 2023
- (ii) in due course the Committee reviews its Terms of Reference, considers the recruitment of Independent Members, clarifies its role in the arrangements of partnerships etc, submits an Annual Report to full Council along with the External Audit Annual Report and the Committee response thereto, and reviews assurances around ethical frameworks.

## **52. Internal Audit Service - External Quality Review 2023**

The Director of Finance reported that the Internal Audit Service had recently been the subject of a five yearly External Quality Assessment against the Public Sector Internal Audit Standards (PSIAS).

CIPFA had been commissioned to carry out the assessment and had done so via a combination of actions including reviewing documentation and a sample of completed audits, surveys and interviews with key stakeholders (including South Staffordshire Council as an external customer' of the service) and reviewing the annual self assessments carried out by the service, also following the PSIAS.

The assessment had found that the Internal Audit Service 'Generally Conforms' to the standards with no recommendations for improvement and only one advisory action for management. This was the highest rating available under the process.

Responding to a request for clarification of the reference in the survey results to the service making proportionate recommendations, the Director of Finance explained that wherever possible recommendations were mindful of the limited resource available to Departments and sought to maximise the effectiveness of those resources.

**Resolved** – that the report be noted and the Internal Audit Service be congratulated on their achievement.

**53. Internal Audit Charter 2023/24**

The Director of Finance submitted the Draft Internal Audit Charter for 2023/24 explaining that limited updates had been made to the current Charter to reflect changes in the SLT structure and to Financial Regulations. No significant changes had been required.

**Resolved** – that the Internal Audit Charter for 2023/24 be approved.

**54. Audit and Standards Committee Forward Plan 2022/23 and 2023/24**

**Resolved** – That with any changes necessitated by decisions of this meeting, the Forward Plan for 2023/24 be approved.

**55. Exclusion of the Public**

**Resolved** – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972 as indicated.

The Committee proceeded to consider the following items:

**56. Internal Audit Review - Nexxus (exemption paragraph 3)**

**57. Company Governance (exemption paragraph 3)**

**58. Cyber Security Strategy (exemption paragraph 3)**

**59. Community Climate Action Fund (exemption paragraph 3)**

**Chairman**