

## **Minutes of the Audit and Standards Committee Meeting held on 13 December 2022**

Present: Mike Worthington (Chair)

### **Attendance**

Carolyn Trowbridge (Vice-Chair)	Phil Hewitt
Bernard Williams	Graham Hutton
Ann Edgeller	Janice Silvester-Hall
Richard Ford	Arshad Afsar
Philippa Haden	Keith Flunder

**Also in attendance:** Lisa Andrews, Rob Salmon, Debbie Harris and Hassan Rohimun (Ernst Young (external auditors))

**Apologies:** Ross Ward, Bernard Peters and James Salisbury

### **PART ONE**

#### **36. Declarations of Interest**

There were no declarations of interests on this occasion.

#### **37. Minutes of the Meeting held on 1 November 2022**

**Resolved** – that the minutes of the meeting held on 1 November 2022 be confirmed as a correct record and signed by the Chairman.

#### **38. Annual Governance Statement 2021/22**

An Annual Governance Statement (AGS) is required of the County Council to provide evidence of how the Corporate Governance Framework is adhered to in practical day to day actions and decision making. That Framework sets out the culture, values, systems and processes by which the organisation is directed and controlled.

Members considered the draft AGS for 2021/22 noting the requirement for it to cover the period up to the final sign off of the annual accounts and therefore this latest AGS covered the period April 2021 to date.

Particular attention was drawn to the extent to which the 2020/21 Action Plan had been completed and the number of key governance issues carried forward into the 2021/22 Plan.

Members' comments and observations on the draft Statement included:

- The absence of information on staff performance and productivity – as the smart working arrangements, originally necessitated by the COVID pandemic, were noted to be continuing, members queried what measures were in place to monitor performance. Discussion took place on the complexity of measuring and benchmarking performance for the council's wide ranging services. A brief summary was given of the monitoring activity already taking place, the way in which internal Audit Reports addressed how service objectives were being met, and the role of the Corporate Overview and Scrutiny Committee and Cabinet in overseeing performance
- The March 2023 deadline for delivery of the CQC/Ofsted recommendations on governance elements of SEND arrangements
- The absence of recognition of third tier (Parish and Town) Councils, and County Councillors links with those organisations in references to governance arrangements.

**Resolved** – That the draft Annual Governance Statement 2021/22 be approved and the Senior Management Team be requested to consider how and where staff performance is being monitored and report to the appropriate scrutiny/decision making body.

### **39. Statement of Accounts - Training**

To support members in considering the draft Annual Accounts for 2021/22, the County Treasurer gave a brief presentation on the requirements on the council to produce those accounts, their purpose and the information which they had to contain, the processes for their audit by an external auditor and for making them available for public scrutiny.

The Accounts were drawn up in accordance with CIPFA Guidance which in turn formed the basis against which they were audited. For 2020/21 delays in auditing the accounts had been partly due to the need to await specific guidance from CIPFA on Infrastructure Assets, the recent publication of which required minor updates to the draft accounts.

### **40. 2021/22 Statement of Accounts**

The County Treasurer submitted the draft Statement of Accounts for 2021/22.

An underspend in the Revenue Budget of £1.381million contributed to a total underspend of £3.984million which would be carried forward as a reserve to help meet inflationary pressures predicted for 2022/23. Details were given of

the causes of spend variations for original budget provision in the main service areas.

Capital spend for 2021/22 was reported to be £111.4million, funded from grants and borrowing. Significant progress had been made on a number of key capital projects, details of which were outlined.

The Income and Expenditure account recorded the cost of service provision compared to the income received to fund them. The net cost for 2021/22 had reduced to £488.6million (from £524.4million in 2020/21) reflecting changes in demand for Health and Care and Children's Services.

The overall Balance Sheet showed that the value of assets had increased by £587.1million to £990.6million mainly due to a reduction in the Councils Pensions liability, however it had to be noted that future pensions commitments could fluctuate widely.

Finally, the County Treasurer reported that the Reserves and Balances remained static in line with the MTFs and plans to mitigate future budgetary risks.

The Staffordshire Pension Funds accounts were presented in the form of a separate Statement, completely independent of the County Councils main accounts.

Members discussions included the following:

- Increase in provision for bad debt -reported to address the financial effects of the COVID pandemic on debtors' ability to pay
- Disposal of Assets – the importance of keeping members informed of proposals for land/property in their Division
- How 'Responsible Investment' was practiced by the Staffordshire Pension Fund – It was explained that the Pensions Fund had a Responsible Investment policy and its application was regularly reviewed by the Pensions Panel.
- Difficulties in identifying how service areas are achieving value for money and performing against objectives and how alternative options might be identified – it was suggested that consideration be given to the production of an Assurance Report for members' consideration.

Concluding, the County Treasurer reported that final amendments would need to be made to the accounts following completion of the external audit before they could be signed off on behalf of the authority.

**Resolved** – That the 2021/22 Statement of Accounts be approved and the County Treasurer, in consultation with the Chairman of this

Committee be authorised to make final amendments to the accounts as deemed necessary by the external auditors.

#### **41. External Audit Plan 2020/21- Update Report ( Ernst Young, External Auditors)**

On behalf of Ernst Young (External Auditors) Hassan Rohimun submitted a progress report on the audit of the Council's 2020/21 accounts explaining that following the release of CIPFA Guidance on accounting practices for Infrastructure Assets, the accounts would need to be updated. He listed other outstanding tasks and was hopeful the audit would be completed by February 2023.

Continuing, Hassan reported that planning had commenced for the audit of the Councils 2021/22 accounts.

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

#### **42. Internal Audit Plan 2022/23 - Update**

The County Treasurer reported on progress to date on delivering the projects listed in the Internal Audit Plan 2022/23.

He reported on the constant and heavy workload associated with systems and grants audits, with 128 audit reviews included in the current Plan.

Referring to planned compliance audits, he reported that the Plan was constantly under review to be responsive to new issues which may arise. Reviews had led to 6 planned audits being cancelled to free up resources for additional work including a review of NEXXUS and the Councils provision of accommodation for people fleeing the war in Ukraine.

The County Treasurer reported on the introduction of the new recommendation tracking system (Pentana), explaining that in setting up the system all records of audits had been cleansed and updated to give an accurate start point of 714 recommendations for on-going tracking. Of note was that there were only 2 high level corporate recommendations outstanding. The County Treasurer reported on action being taken to meet the deadlines for compliance with those recommendations. Details of recommendations from audits relating to Schools would be integrated into the system in due course.

Responding to a query on cancelled Audits, The County Treasurer explained that cancellations could be requested by service areas or, in some cases the audit might not be timely ( for example if a structural re-organisation was underway).For any cancelled audits consideration was

given to ways in which that subject matter might be incorporated into another associated audit still to be carried out.

On the responses received from auditees in service areas under review, the County Treasurer reported on generally positive engagement adding that many audits were requested by managers themselves when they saw the need for changes to service delivery and needed support to identify improvements that could be made.

**Resolved** – That progress made against the Internal Audit Plan 2022/23, the amendments to the original Plan and the progress on implementation of high level recommendations be noted.

#### **43. Forward Plan for the Audit and Standards Committee 2022/23**

The County Treasurer submitted the Forward Plan setting out this Committee's meeting schedule and proposed agenda content for the remainder of 22/23. He indicated that the Plan would be updated when the timescale for the external audit of the 2021/22 accounts was known, and confirmed that it had capacity to accommodate additional or changed agenda items as and when requested by members.

**Resolved** – That the Forward Plan be noted.

#### **44. Exclusion of the Public**

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

#### **45. Exempt Minutes of Meeting held on 1 November 2022 (exemption paragraph 3)**

**Resolved** – That the exempt minutes of the meeting held on 1 November 2022 be confirmed as a correct record and signed by the Chairman.

**Chairman**

