

## Minutes of the Audit and Standards Committee Meeting held on 8 December 2020

Present: Martyn Tittley (Chairman)

### Attendance

Derek Davis, OBE	Alastair Little
Carolyn Trowbridge (Vice-Chairman)	Ann Edgeller
Ross Ward	Richard Ford
Bernard Williams	Philip Atkins, OBE
Paul Northcott	Keith Flunder
Susan Woodward	

**Also in attendance:** Stephen Clark (Ernst Young, External Auditors)

**Apologies:** David Brookes and Helen Fisher

### PART ONE

#### 33. Declarations of Interest

Councillors Flunder formally recorded his involvement in discussions as the community representative on a County Council land transaction in his Division which was referred to in the Council's Strategic Property and Asset Management arrangements – see item 36.

Councillors Little and Northcote declared their membership of the British Association for Shooting and Conservation (BASC) - see item 46.

#### 34. Minutes of the Meeting held on 12 October 2020

**RESOLVED** – That the minutes of the meeting held on 12 October 2020 be approved as a correct record and signed by the Chairman.

#### 35. Annual Governance Statement 2019/20

The Director for Corporate Services presented the draft Annual Governance Statement (AGS) for 2019/20 which sets out the responsibilities of the Council, explains the aims and content of the Governance Framework, reports on the effectiveness of that framework and concludes by highlighting any significant governance issues to be addressed. Members were required to consider the AGS and make recommendations to the Leader of the Council and Chief Executive on whether it should be signed off.

The report described in detail the matters considered during the review of governance documentation and the policies and procedures adopted in place across the council to ensure compliance. It referred to reviews by outside organisations of the Council's actions such as external auditors reports, the inspection of Children's Services and the

CQC inspection of the SEND service and reported on action taken to address issues identified, giving an assessment of the effectiveness of that action.

Reporting on the key governance matters identified for attention during 2019/20 officers drew particular attention to the changes being made to the SEND service, the constant presence of cyber security risk and the need to monitor the effect of the COVID 19 emergency on the Council's MTFs and its ability to deliver services. The Director stressed the importance of member level monitoring of the resourcing and management of these issues.

**RESOLVED** – That the Annual Governance Statement 2019/20 be approved for sign off by the Leader of the Council and Chief Executive.

### **36. Statement of Accounts 2019/20**

The County Treasurer gave a brief explanation of the format and required contents of the Council's Statement of Accounts following which he presented the formal Statement for 2019/20. He explained that due to COVID 19 the completion deadline for the accounts had been extended to 30 November 2020 (from 31 July). Along with the changes in deadline for the completion of the accounts, this year's exercise had been affected by resourcing difficulties on the part of the External Auditors. This was a recognised national issue which action was being taken to address and may result in a permanent change to completion deadlines.

Referring to the Statement of Accounts itself, the County Treasurer highlighted the minor surplus of £6.3million on the Income and Expenditure statement and the position of the overall Balance Sheet explaining that the apparent significant increase in net assets merely reflected a 'snap shot in time' at 31 March following receipt of cash for central government to support COVID 19 related activities.

Referring to the effect of COVID on the Council's funds, the County Treasurer explained that for 2020/21 no significant adverse effects were expected due to government grants however the position from 2021/2022 onwards was more difficult to predict as the effect of COVID on receipts from Council Tax and Business Rates was unknown. In addition, the longer term impact of COVID on the local community and consequent service demands was unknown, as was any on-going funding proposals to address those consequences.

The County Treasurer also submitted the Statement of Accounts 2019/20 for the Staffordshire Pension Fund, reminding members of the relatively recent requirement for this Fund to have its own independent accounting/reporting arrangements. He reported that the value of the Fund as at 31 March 2020 was £4.744bn and had increased since that time, reflecting more positive market activity. As Chairman of the Pensions Committee, Mr Little was able to report that the funding level (ie the extent to which the Fund was able to meet its liabilities) currently sat at 96%.

**RESOLVED** – That:

- (i) the Statements of Accounts 2019/20 for both Staffordshire County Council and the Staffordshire Pension Fund be approved

- (ii) the County Treasurer's draft letter of representation to the external Auditors be approved
- (iii) the County Treasurer, in consultation with the Chairman, be authorised to make any amendments to the Accounts, as deemed necessary by the External Auditors

### **37. Report of those Charged with Governance (ISA 260) - Staffordshire County Council**

On behalf of the Councils External Auditors, Ernst Young, Steve Clark presented their report on their annual audit of the County Council for 2019/20.

Due to COVID 19 the deadline for completion of audits had been extended to 30 November 2020 however, resourcing difficulties meant that a number of tasks relating to the audit of the Pension Fund remained outstanding. For the County Council's accounts whilst yet to be signed off he did not anticipate reporting on any major issues.

Reporting on key areas of risk, Steve Clark highlighted:

- the possible consequences for the Council's accounts of the practice of only valuing a set percentage of its land/buildings annually,
- the importance of timely recording of the disposal of school assets to academies,
- the need to revise financial plans for 2020/21 and the future MTFS to provide for additional/changing demands due to COVID 19.

The auditor's Value for Money assessment identified 2 areas of risk – sustainable resource deployment, and working with partners and third parties. Linked to the latter, the auditor had reviewed the Council's actions in response to the Written Statement of Action for SEND services and due to the position reported as at March 2020 intended to issue a qualified 'except for' conclusion with respect to the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

**RESOLVED** – That the External Auditors report and opinion for 2019/20 be accepted.

### **38. Internal Audit Plan 2020/21 - Update**

The County Treasurer reported on progress made on the delivery of the Internal Audit Plan 2020/21 explaining that due to the need to provide support for COVID 19 related services there had been changes to the Plan resulting in a net increase in projects, commending his officers on their work during the emergency.

The report summarised the Internal Audit team's activities including tracking/monitoring recommendations of audit reviews.

**RESOLVED** – That the report be noted.

### **39. Forward Plan**

The Committee considered the Forward Plan/Work Programme for its future meetings noting that the Plan would be updated to reflect decisions made at this meeting.

#### **40. 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 paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

The Committee proceeded to consider the following items:

- 41. Exempt minutes of the meeting held on 12 October 2020 (exemption paragraph 3)**
- 42. Strategic Risk Register - COVID-19 Response Debrief Report (exemption paragraph 3)**
- 43. Special Educational Needs and Disabilities (SEND) Update (exemption paragraph 3)**
- 44. Third Party Access - Final Audit Report 2020/21 (exemption paragraph 3)**
- 45. Scheme of Delegation - Final Audit Report 2019/20 (exemption paragraph 3)**
- 46. Update on Deer Call Out Services - Implementation of Previous Recommendations (exemption paragraph 3)**
- 47. Bank Mandate Fraud - Final Internal Audit Investigation Report (exemption paragraph 3)**

**Chairman**