

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

AUDIT & ACCOUNTS COMMITTEE MEETING

Minutes

FRIDAY, 3 DECEMBER 2021

PRESENT: Councillor J Davies (Chair)

Councillors K Flunder, N Hawkins, K J Jackson, Mr H Mawdsley,
P Wilkinson and N Yates and Mr. H Mawdsley

IN ATTENDANCE: J Betts Interim Executive Director
J Leak Head of Internal Audit
V Higgins Information Business Partner
S Hampton Democratic Services Officer
P Trafford Democratic Services Officer

APOLOGIES: Councillors T Hall and E Fallows

56 **DECLARATIONS OF INTEREST**

There were no declarations made.

57 **MINUTES OF THE PREVIOUS MEETING**

Mr. H Mawdsley noted that in Minute 47 – External Audit, Audit Findings Report – the report had stated that *“this was a situation that the Council could be proud of”*. This was highly commendable and worthy of further publicity.

RESOLVED – That the minutes of the meeting of the Audit and Accounts Committee held on 22 October 2021 be **APPROVED** as a correct record and signed by the Chair.

58 **INTERNAL AUDIT PROGRESS REPORT**

Head of Internal Audit – John Leak presented the report covering audit performance for the period 1 June 2021 to 31 October 2021.

4 Audits had been completed, with 3 given Satisfactory assurance and 1 Limited. All recommendations had been agreed and all those which were due had been implemented. The Audit which was given Limited assurance was on the Housing Agency function within the Environmental Health department. Members were encouraged that the Occupational Therapy element of the service had been formalised and implemented. 7 Audits were shown to be ‘in progress’.

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Audit staff had continued to be involved in the administration of Covid 19-related business grants which was affecting the completion of the Audit Plan, which was 41% complete at 31 October 2021. In addition, 1 member of staff was to be seconded to the Finance section from the week after this meeting which would further affect the Audit Plan but assurance was given that such staffing issues would not affect the ability to give an audit opinion.

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

59 **RISK MANAGEMENT UPDATE**

Information Business Partner – Vanessa Higgins gave an update of the Council's Risk Management arrangements in accordance with generally accepted good practice.

The Strategic Risk Register identified 16 Strategic Risks, of which 8 were rated 'high' and therefore above the risk tolerance threshold. There had been 4 changes to the strategic risk profile as follows:-

- New high rated risk around employee wellbeing, included in response to the pandemic and new ways of working;
- Downgrading of the external funding risk from high to medium due to levelling up and shared prosperity funding streams coming online;
- Increased risk rating for environmental regulation to incorporate climate change targets;
- Downgrading of opportunity risk around trading and commercialism due to project being temporarily put on hold due to the pandemic.

The Operational Risk Registers showed 42 Operational Risks, of which 9 were rated 'high' and therefore above the risk tolerance threshold. A number of changes had been made to reflect the new management structures and responsibilities, including:-

- Development Services – Building Control risk removed now that the Derbyshire partnership was in place. Arboreal risks added;
- Communities – new register in place, all rated 'medium' including resourcing of Climate Change Action Plan;
- Revenues & Benefits – rationalisation of Universal Credit risks, supplier failure risk reinstated;
- Environmental Health – escalation of major incident risk to reflect the ongoing pull on public health resources.

September's Project Risk Review saw 1 new project added – Developer Contributions Supplementary Planning Document. 2 projects had been closed due to completion – Hybrid Mail & Civica Pay (Phase 1). Existing Project Risk Registers were:-

- Committee Management System;
- Leisure Consultancy;
- Assets Database;
- Collective;
- Countryside Sites;
- Cheadle Town Centre;

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- Brough Park;
- Tunstall Road area;
- Sports Villages;
- Procurement Workflow;
- Building Control Partnership;
- Land Charges migration;
- NEW Developer Contributions.

Members raised queries regarding the report as follows (*responses in brackets*):-

- Had there been any member involvement in the formation of the Agile Working Policy? (*Once the policy was formed it would be reported back to members for comment. This report was to identify the strategic risks rather than to consider the actual content of the policy.*)
- Could an update be provided to members on the Tunstall Road development project, following issues regarding land ownership and 'ransom strips'? (*This request would be forwarded to the Regeneration Team.*)
- Had a risk been identified through the 2 Alliance Councils being in differing regions – Staffs Moorlands (West Midlands), High Peak (East Midlands) with regard to potential Local Government reorganisation? (*The position had been noted, but there had been no specific plans for reorganisation announced by government – only preliminary considerations around different governance models associated with the potential transfer of resources and responsibilities.*)
- In the light of a recent storm and resultant power outages etc, was Emergency Planning included in the risk register? (*Contained within the Business Continuity Plans were details of how key services would respond in such circumstances, covered by a General Reserves Assessment. The Council also had insurance to cover for business interruptions.*)

RESOLVED – That the Council's risk position and the mitigation / fruition plans as summarised within Appendices to the report be **NOTED**.

60 WHISTLEBLOWING POLICY

The Council's Whistleblowing Policy had been in place since 2002, with the latest update having been completed in 2016. It allowed all employees and contractors to report any concerns where the public interest was at risk, including a risk to the wider public, customers, staff or the Council itself.

An update report had been presented to this committee in May 2018 and since that date there had been 1 Whistleblowing case reported. The issue was satisfactorily dealt with and resolved.

The policy had again been updated in accordance with the latest best practice supplied by the Whistleblowing charity and leading authority in the field 'PROTECT' to whom the Council subscribed. To coincide with this, further awareness-raising initiatives were to be scheduled to ensure that Whistleblowing continued to be appropriately publicised including:-

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- An article to be included in the staff communication newsletters and thereafter periodically;
- Whistleblowing posters to be updated on noticeboards throughout the Council;
- Practical tips to be given to all Managers and Supervisors to help them deal with any Whistleblowing issues raised by their staff;
- Specific fraud awareness e-learning to be provided to all staff to help raise awareness of the importance of discussing with their Line Managers any concerns they may have regarding malpractice.

Members requested that any future policy change reports should easily identify changes. This could be in the form of strikeouts or colour coding.

RESOLVED – That the revised Whistleblowing Policy as appended to the report be **APPROVED** and **ADOPTED**.

FURTHER RESOLVED – That the activity outlined in the report aimed at promoting the Whistleblowing Policy within Staffordshire Moorlands District Council be **NOTED**.

61 **NATIONAL SCHEME FOR AUDITOR APPOINTMENTS**

Interim Executive Director John Betts introduced the report to members advising that the current auditor appointment arrangements covered the period up to and including the audit of the 2022/23 accounts. Public Sector Audit Appointments (PSAA) were now undertaking procurement for the next appointing period, covering audits for 2023/24 to 2027/28. Options were for local government bodies to make the appointment themselves or in conjunction with other bodies, or to join the national collective scheme administered by PSAA. The report concluded that the PSAA option would produce better outcomes and be less burdensome because:-

- Collective procurement reduced costs for the Council;
- If the Council did not use the national appointment arrangements, it would need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract and this would be expensive and disproportionately burdensome;
- It was the best opportunity to secure the appointment of a qualified, registered auditor – there were only 9 accredited audit firms and a local procurement would be drawing from the same limited supply;
- Supporting the sector-led body offered the best way of ensuring that there was a continuing and sustainable public audit market into the medium and long term.

Local audit regulations required that the decision had to be made by Full Council. To opt in to the national scheme from 2023/24, the Council needed to return the completed opt-in documents to PSAA by 11 March 2022.

Given the practical issues outlined in the report, members felt that there was little realistic option but to opt in to the national scheme.

RESOLVED – That the Committee **RECOMMEND THAT COUNCIL** accept PSAA's invitation to opt in to the sector-led option for the appointment of external auditors to principal local government bodies for 5 financial years from 1 April 2023.

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In the absence of a Work Programme agenda item, Councillor Jackson requested that a report be added to the Work Programme regarding the use of Consultants by the Council over the previous 5 years, identifying the outcome of any resultant advice given by Consultants and whether it was followed. This to establish the 'value for money' aspect of the use of Consultants.

It was confirmed that the aforementioned staffing resource issues in the Internal Audit Team meant that this would need to be built into the audit risk assessment process for the 2022/23 Audit Plan, though initial scoping work could be done in time for the February 2022 meeting of the Committee.

Councillor Jackson also requested an update regarding a recent scrutiny request for details of officer time split between the 2 Alliance authorities. John Betts agreed to respond to the request within 1 month of this meeting.

The meeting closed at 11.50 am

_____ Chairman _____ Date