

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

AUDIT & ACCOUNTS COMMITTEE MEETING

Minutes

FRIDAY, 11 FEBRUARY 2022

PRESENT: Councillor J Davies (Chair)

Councillors K Flunder, T Hall, N Hawkins, K J Jackson, P Wilkinson
and N Yates & Mr H Mawdsley

IN ATTENDANCE: S Jassal External Audit Manager
M Green External Audit Engagement Lead
E Bennetts Finance Business Partner
J Leak Head of Audit
K Pointon Head of Finance
S Hampton Democratic Services Officer
P Trafford Democratic Services Officer
J Betts Interim Executive Director Finance and
Revenues & Benefits

62 **DECLARATIONS OF INTEREST**

Councillors Flunder and Wilkinson declared “other” interests, being recipients of Covid Business Grants. Councillor Flunder declared an “other” interest, being Chair of a community group which had addressed future housing in the Forsbrook area.

63 **MINUTES OF THE PREVIOUS MEETING**

Mr. Mawdsley had been recorded as present twice.

A query was raised regarding no declarations of interest being recorded. On further checking there were in fact no declarations made.

RESOLVED – That, subject to the deletion of the duplicated attendance of Mr. Mawdsley, the minutes of the Audit & Accounts Committee held on 3 December 2021 be **APPROVED** as a correct record and signed by the Chair.

64 **WORK PROGRAMME**

Members discussed the size of agendas and the number of items for each meeting. Interim Executive Director - John Betts – confirmed that every attempt would be made to minimise future agendas.

RESOLVED – That, subject to the above, the Work Programme as published for 2022/2023 was **APPROVED**.

65 EXTERNAL AUDITORS' ANNUAL AUDIT REVIEW

Grant Thornton Engagement Lead – Michael Green – presented the new report which gave an opinion on Value For Money arrangements in 3 categories:-

1. Financial Sustainability;
2. Governance; and
3. Improving economy, efficiency and effectiveness.

The report was very positive, finding no significant issues or weaknesses. A number of improvement recommendations were made as follows:-

1. In Financial Sustainability – in respect of potential savings plans for 2022/23 and beyond;
2. In Governance – in respect of a) the retention and publication sensitivity analysis used in budget setting, b) the Council's engagement with stakeholders, c) the format of quarterly financial reports and d) the capacity and resources of the Finance Team;
3. In Improving economy, efficiency and effectiveness – That the Council should ensure that key policy documents should be reviewed regularly.

66 EXTERNAL AUDIT - AUDIT COMMITTEE UPDATE - VERBAL

Given the nature of the previous and next agenda items, no separate discussion took place for this item as all areas were covered.

67 EXTERNAL AUDIT - INFORMING THE AUDIT RISK ASSESSMENT

This report contributed towards the effective two-way communication between the External Auditors and this Committee. The Risk Assessment consisted of a series of questions and Management responses.

Mr. Green was again able to confirm that there were no areas of concern.

68 INTERNAL AUDIT PROGRESS REPORT

Head of Internal Audit – John Leak – presented the report covering audit performance for the period 1 November 2021 to 31 January 2022.

6 Audits had been completed with 5 given Satisfactory assurance and 1 Substantial. All recommendations had been agreed and all that were due had been implemented.

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. In addition, 1 member of staff had been seconded to the Finance section without replacement. As a result of this 6 audits had been removed from the Audit Plan 2021/2022. 73% of the current plan had so far been completed. It was expected that the plan would run through to April / May 2022 but this was not expected to affect Internal Audit's ability to provide the annual audit opinion.

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

69 **TREASURY MANAGEMENT UPDATE**

Finance Business Partner – Emily Bennetts – presented the update for the period to the end of Quarter 3 2021/22 (31 December 2021) with main headlines as follows:-

- The Bank of England base rate increased from 0.10% to 0.25% in December 2021;
- A small surplus of £6,450 was forecast against investment income interest;
- Upon cessation of the Ascent Housing LLP Joint Venture company at the end of January 2022, the associated loan and impaired debenture was expected to be returned to the council. Due to the early repayment there was an interest shortfall of £93,870;
- The borrowing costs budget forecasted a total saving of £89,550, including an anticipated net income from the new loan arrangement with Your Housing Limited;
- The average return on investments during the period October to December was 0.14%, this was boosted by the notice account investments, whereas instant access accounts earned interest at 0.02%;
- The Council's investment portfolio totalled £18.7million spread across eight separate institutions as at 31st December 2021; and
- The Council's average external debt was forecast to be £11.9million at an average annual borrowing rate of 0.89%.

RESOLVED – That the Council's Treasury Management position as at 31 December 2021 be **NOTED**.

70 **TREASURY MANAGEMENT STRATEGY**

The Council's Treasury Management Strategy Statement (TMSS) for 2022/2023 was appended to the published report. A new version of the Treasury Management Code of Practice had been released in December 2021 and would be adopted for the TMSS 2023/2024.

The TMSS comprised 3 principal areas:-

a. Capital Programme

- The capital plans and the prudential indicators;
- The minimum revenue provision (MRP) Policy.

b. Treasury Management

- Current Treasury position;
- Treasury Indicators;
- Prospects for Interest Rates;
- The Borrowing Strategy.

c. The Annual Investment Strategy

- Investment Policy;
- Creditworthiness Policy;
- Investment Income.

RESOLVED – That the Annual Treasury Management Strategy Statement 2022/23 be **RECOMMENDED TO COUNCIL FOR APPROVAL**.

71 **REGULATION OF INVESTIGATORY POWERS ACT - POLICY & PROCEDURES**

The Council was required to have arrangements in place to ensure compliance with the Regulation of Investigatory Powers Act 2000 (RIPA). This was achieved through the adoption of a set of Policy & Procedures (P&Ps). Such arrangements had been in place since 2002 and a yearly review was required.

In practice, RIPA powers had not been used by SMDC since 2008. The last 3 yearly inspection by the Investigatory Powers Commissioner's Office was in 2019 and contained 2 core recommendations:-

1. Requirement for annual Policy approval and reporting to elected councillors of the Alliance's use of RIPA; and
2. The development of a structured annual training programme.

This annual report satisfied the 1st recommendation and future training provision for officers was in the process of being arranged, which would satisfy the 2nd recommendation.

There was 1 proposed change to the P&Ps which related to the Authorising Officers. The amendment to the vacant Executive Director's job title was shown in the revised P&Ps appended to the report and their name would be added following commencement of employment.

RESOLVED – That the Council's use of RIPA powers be **NOTED**.

FURTHER RESOLVED – That the updated RIPA P&Ps appended to the report be **APPROVED** and **ADOPTED**.

72 **ROLE AND RESPONSIBILITIES OF THE AUDIT & ACCOUNTS COMMITTEE**

Interim Executive Director – Mr John Betts – introduced the report to members following an issue raised at the previous meeting regarding the relative roles and responsibilities of this committee compared with that of the Resources Overview & Scrutiny Panel.

A report had since been produced relating to the Council's use of consultancy and this report clarified the roles & responsibilities of the committee.

The Audit Plan was reported and approved by the committee each year, however it was not appropriate for the committee to direct (or redirect) the work of Internal Audit, as that had the potential to impair the independence of the internal audit function. Should members of the committee highlight issues that presented genuine potential control / risk / fraud implications that required prompt action, the Head of Audit would review these on an individual basis and assess and compare them to other identified risks as part of the assessment of the overall control environment.

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

The meeting closed at 11.30 am

Chairman _____ Date