

## **AUDIT COMMITTEE**

### **Minutes of a meeting of the Audit Committee held on Tuesday, 28 September 2021 at 6.00 pm in Telford Room, 3rd Floor Addenbrooke House, Ironmasters Way, Telford TF3 4NT**

**Present:** Councillors C Smith (Vice-Chair), V J Holt and W L Tomlinson

**In Attendance:** K Clarke (Director: Finance & H.R), T Drummond (Principal Auditor), L Gordon (Democracy Officer (Scrutiny)), P Harris (Finance Manager), R Montgomery (Audit & Governance Lead Manager), G Patterson (Key Audit Partner, Grant Thornton), D Rowley (Audit Manager, Grant Thornton), E Rushton (Group Accountant) and R Zacharek (Customer Relationship and Quality Assurance Team Leader)

**Apologies:** Councillors N A M England and K S Sahota

#### **AU11 Declarations of Interest**

None

#### **AU12 Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 20 July 2021 noting Cllr Tomlinson's attendance be confirmed and signed by the Chair.

#### **AU13 Annual Customer Feedback Report and assurance on lessons learnt 2020/2021**

The Customer Relationship and Quality Assurance Team Leader provided the Committee with an update on the Council's response to complaints between 1 April 2020 and 31 March 2021. The purpose of the report was to provide assurance to the Committee that the response to complaints was effective and the Council were continuously improving. Members heard that there had been a 35% increase in positive comments and an overall 16% decrease in complaints during this period. From the complaints that had been received no discernible pattern had been found suggesting that they were linked to isolated instances. There were 424 corporate stage one complaints received, an 11% reduction on the number of complaints received in 2019/20. This was also the lowest number of complaints received in the previous 7 years. Of the 424 complaints received, 29 were escalated to Stage two of the procedure. This was a 43% decrease on the previous year. Of the corporate complaints received, 82% were responded to within the 15 working day timescale which showed continued improvement since 2017/18 and 2019/20. Of the 29 Stage Two complaints 20 resulted in full investigations, this was a 43% decrease in the full Stage Two Investigations completed in 2019/20. 40% of full investigations were upheld. The average number of days to complete a full investigation was 29 working days. This was an increase on the 24 days taken

in 2019/20. The impact of the COVID-19 pandemic did affect these timescales, however this figure was still within the extended timescale of 65 working days outlined in the complaint policy for stage two investigations.

The Committee heard that during 2020/21 there were 22 complaints escalated to the Local Government and Social Care Ombudsman. Of those complaints two were deemed premature, 15 resulted in no investigation and six cases were still awaiting a decision. There were nine detailed investigations completed in 2020/21, and the Local Government and Social Care Ombudsman had confirmed that there was fault in 8 of these cases. The Customer Relationship and Quality Assurance Team Leader assured the Committee that for each upheld case the Council had learned to improve their practices and that in all cases where fault had been found, the Local Government and Social Care Ombudsman was satisfied that they had successfully implemented their recommendations.

Members noted that they were impressed with the improvement made but would be interested in future to put it into context against other local authorities. They felt that it was good to see that when complaints were upheld by the Ombudsman that it brought about a positive result.

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

#### **AU14      Report to those Charged with Governance 2020/2021**

Grant Thornton presented the report to those Charged with Governance for 2020/2021. The audit was completed remotely from June to September 2021 and was now substantially complete as it was unlikely that any further modification or material changes would be made to the financial statements. An adjustment had been identified to the Council's Comprehensive Income and Expenditure Statement, however this related to the Shropshire County Pension Fund so was outside of Council control.

The Committee heard that there had been no changes or new significant risks identified through the audit. Both management override of controls and improper revenue recognition remained presumed risks, as identified in the audit plan. They had identified a potential uncertainty in respect to the value of land and buildings. It was not proposed that the Council commission formal valuations of these assets as it was expected that the estimated difference would not be material. The valuation of pension fund net liability was susceptible to small changes with inflation or discount rates which could affect liability but this was a result of timing. It was noted that some additional assets sat within NuPlace, but that they had approved their accounts and had no concerns to report around investment properties.

During the debate members commented that the report had been very comprehensive and noted that they were pleased to see no material adjustments. The committee commented that they would be interested to know where the Council were in the wider LA context of delivering accounts and were reassured that they were ahead of the curve.

**AU15      Annual Audited Statement of Accounts 2020/2021**

The Finance Manger gave an overview of the Statement of Accounts which followed on from Grant Thornton's Audit Findings Report. There was still some work to be done and it was asked that delegated authority be given to the Director: Finance & Human Resources to make any final changes required prior to publication.

The Draft Statement of Accounts were presented to the Committee in May 2021 and made available for public inspection. Changes made to the accounts have been agreed and included in the updated Statement of Accounts presented. Should the Committee approve the accounts a hard copy of the accounts would be sent to the Chair for signature and then following approval published on the website.

**RESOLVED – that**

- a) the 2020/2021 Statement of Accounts be approved; and
- b) delegated authority be given to the Director: Finance & HR to make any final changes required to the Statement of Accounts prior to publication.

**AU16      Internal Audit Update Report & Public Sector Internal Audit Standards Self Assessment**

The Principal Auditor, Policy and Governance updated members on the progress made against the 2021/22 Internal Audit Plan and the recent work of Internal Audit from 1 July 2021 to 31 August 21. The Committee heard that 3 audits have been completed and 11 were in progress. Amendments to the audit plan had been made due to long term sickness of an auditor. As a result 5 audits have been deferred to 2022/23. Regarding the status of reports previously issued and reported to the Committee there had been continued improvement in all areas where recommendations had been made. The Internal Audit team had undertaken a piece of unplanned work on the Council's arrangements for managing conflicts of interest. The outcome of this would be reported at the next Audit Committee meeting.

Members were informed that Internal Audit had completed their annual self-assessment of their operations against the Public Sector Internal Audit Standards (PSIAS). The results of the self-assessment showed that Internal Audit out of 134 requirements complied with 129 and partially complied with 5. The Audit Team had devised an action plan to ensure those requirements that were partially complied were fully complied with in future.

**RESOLVED-** that the report be noted.

**AU17      Appointment of External Auditors or April 2023 Onwards**

The Audit and Governance Lead Manager outlined that due to requirement for the Council to appoint external auditors for the period commencing the audit of the financial year 2023/23 the Committee must, as per their terms of reference “recommend the appointment of the external auditors to the Council”. The report detailed the three options open to the Council and their corresponding benefits and risks. The third option: opt-in to a sector led body, was how the Council’s current auditors were appointed.

The Committee heard that it was officer’s recommendation that option 3 continued to provide the best value and provided greater certainty and that a suitably qualified and experienced external auditor be appointed within the required timescales.

During the debate Members highlighted that option three provided both value for money and stability which was important but sought clarity on the tenure of appointment. Grant Thornton advised that although dependent on procurement arrangements local government contracts tend to be 5 + 2 years.

**RESOLVED** – that

- a) The Committee noted the information and options available as set out in section 4 of the report;
- b) option 3, the national Sector Led Body (SLB) appointed by the Government – Public Sector Audit Appointments Ltd to undertake the procurement be agreed;
- c) the approval of the proposal to opt into the PSAA for the purpose of appointing External Auditors for the audit of the financial years 2023/24 onwards be recommended to full Council and delegated authority be granted to the Chief Finance Officer (or their delegated officer) to take all appropriate actions to opt into the PSAA procurement process and engage with the PSAA to inform their specifications and proposed supplier and that this be recommended to full Council
- d) delegated authority should be granted to the Associate Director: Policy & Governance (or their delegated officer) to take all actions needed to enter into all necessary legal documentation required to give effect to this decision and that this be recommended to full Council

The meeting ended at 6.55 pm

**Chairman:** .....

**Date:** Tuesday, 25 January 2022