

## **AUDIT COMMITTEE**

### **Minutes of a meeting of the Audit Committee held on Wednesday 23 November 2022 at 6.00 pm in The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

**Present:** Councillors N A M England (Chair), C F Smith (Vice-Chair), W L Tomlinson, B Wennington and R C Evans

**In Attendance:** J Clarke (Senior Democracy Officer (Democracy)), K Clarke (CFO and Director: Finance & Human Resources), R Montgomery (Audit & Governance Lead Manager), E Rushton (Group Accountant), L Higgins (Customer Relationships & Welfare Services Service Delivery Manager) and R Zacharek (Customer Relationship and Quality Assurance Team Leader)

**Apologies:** Councillors V J Holt

#### **AU49      Declarations of Interest**

None.

#### **AU50      Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 19 July 2022 be confirmed and signed by the Chair.

#### **AU51      Audited Annual Statement of Accounts 2021/2022**

The Director: Finance & Human Resources gave a verbal update on the position in relation to the Audited Annual Statement of Accounts 2021/22.

Draft Accounts had been presented to the Committee at the end of May 2022. Due to changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and the need for a Statutory Instrument which needed to be laid before Parliament, it had not been possible for the Audit to be completed and the final Audited Accounts could not be brought before the Committee at this meeting.

The statutory deadline for the Accounts was the 30 November 2022 and where accounts had not been finalised the Council had to publish a notice on the website to say that the accounts were not yet completed and the reasons why.

During the Audit process no issues had been identified that would change the general fund balance and the Finance Team would continue to work with the External Auditors to bring the accounts to completion as soon as possible. It was intended to bring the final Audited Accounts to the January 2023 meeting for approval.

During the discussion some Members asked if there was a specified amount of time allowed for the finalisation of the Audited Accounts once the statement of non-completion had been published on the website, and whether there was clarity on the outcome of the consultation on Minimum Revenue Provision that had previously been discussed.

The Director: Finance & Human Resources stated that the outcome of the consultation was still awaited.

The External Auditors had made the same observation and confirmed that the differences were not material changes. Housing Companies would have an exemption but they may need to consider the PIP. It was expected that any changes would come into force on 1 April 2024 but a final response from the Government on the regulations was awaited.

Members noted the report.

#### **AU52      Report to those Charged with Governance 2021/2022**

Grant Thornton, External Auditors, presented a verbal update on the current position of the 2021/22 Audit.

The Audit was progressing and nothing had been found that would affect the general fund balance. Some technical accounting work was required around reserves.

A key issue preventing the completion of the Audited Accounts was the infrastructure changes. This was a sector issue which involved material infrastructure assets and derecognising assets if this work was undertaken appropriately.

The External Auditors were currently concentrating on the systems in place which managed the assets, the accounting and auditing standards.

It was expected that the Government would publish guidance on the 29 or 30 November 2022 and that any changes in regulations would come into force on 25 December 2022.

The External Auditors were still working through some resourcing challenges but were aiming to complete the Audit by Christmas and be in a position to give a final opinion in January 2023.

In relation to the Value for Money impact, the 2021/22 opinion had not yet been completed and they had written to the Chair in relation to the deadline.

The Audits in relation to teachers pensions and housing benefits claims were continuing to progress. There were no issues found in relation to significant risks and management controls.

A small amount of investment properties in relation to the valuation of land and buildings had been identified and a re-calculation of the gains would be

required. An issue had been identified in relation to a NuPlace consolidation and an adjustment to the entries would be required and the sum being moved between reserves. This would not impact the general fund balance. There may also be a necessity to adjust the figures from prior years.

The audit of the Shropshire Pension Fund had identified a timing issue in relation to close down on the net pension liability with a £19m understatement of assets. A technical adjustment in relation to the revised £19m understatement would be required which would reduce the net liability and move the pension reserve.

Members noted the report.

### **AU53      Value for Money Report 2020/2021**

Grant Thornton, External Auditors, presented a verbal update on Value for Money during 2020/2021.

The External Auditors value for money work had been delayed due to resourcing issues. There was a new reporting format for value for money. Sustainability, governance and economy and effectiveness were now the three reporting headings required. The use of plain English had also been introduced.

No significant weaknesses had been identified which would affect the audit opinion.

Different approaches in two areas covering financial stability and governance and the way that the Council approached fees and charges could be considered. The cost of living crisis for the borough and relieving the impact on local residents could also be other area of focus.

The External Auditors were comfortable with the responses that the Management had presented and there were no significant issues with Governance arrangements or the risk management process.

A Local Government Authority (LGA) peer review had taken place which had received positive feedback and the Medium Term Financial Strategy had already addressed issues that had been raised and the Council could now improve further on what was in place.

Focus for next year was economy, efficiency and procurement.

Although there were some overall improvements that could be made the External Auditors were satisfied with the Council's current position.

During the discussion some Members expressed that it was a weakness for local authorities not to have an early indication of their allocation of funding in order to be able to plan for the future.

The External Auditors explained that the Government had committed to look at this going forward following dialogue with accounting networks which highlighted the challenges.

Members noted the report.

#### **AU54      Customer Feedback Reports 2021/22**

The Service Delivery Manager: Customer Relationships and Welfare Services and presented the Customer Feedback Report for 2021-22.

The report was presented to Cabinet in September 2022 and gave assurance that during the period 1 April 2021 and 31 March 2022, the Council's response to complaints was effective and that services were learning from complaints and wider customer feedback and continued to improve going forward.

There had been a sustained increase in compliments during the reporting period with a continued increase year of year with a 64% increase over the previous three years. Neighbourhood and Enforcement Services, Health and Wellbeing and Prosperity and Investment were the top three areas who received the most compliments.

Recent work undertaken in relation to improving services included the Mystery Customer Programme, the Satisfaction Survey and the Everything Speaks review. Mystery customers had been tasked with testing the new digital apps including the TLC app and a website reviews on areas such as leisure. The Customer Insight Programme enabled mystery customers to undertake regular assignments and there had been an 8% increase in volunteers.

Customer complaints were at their highest level with customer's expectations and demands changing following the covid 19 pandemic. The pandemic had allowed customers more time to focus on their likes and dislikes and this was a national trend. Across the Council during the reporting period 759 complaints had been received by 733 complainants. Neighbourhood and Enforcement Services received the highest number of complaints. There had been 33 Adult statutory complaints received which was a decrease on the previous year and the lowest number in six years. Children's Services statutory complaints totalled 24 which was also a decrease on the previous year and the lowest for some years. Despite the increase in complaints the Council had responded to 81% of complaints within a 15 day period. Responses to Children's statutory complaints had decreased from 23 working days in 2020/21 to 14 working days during the reporting period.

The Local Government and Social Care Ombudsman (LGSCO) Annual Review Letter 2022 detailed complaints that had been investigated during the last financial year. There had been 11 LGSCO investigations undertaken with 8 being upheld and although there was a small number of complaints this had a big impact on the percentages. Following the investigations any points of learning would be taken forward.

During the discussion some Members were pleased to see that complaints had decreased in the two most vulnerable areas and that compliments had increased. The Council had been mindful of customers and alongside the use of technology continued to allow customers to place telephone calls which was helpful particularly during the cost of living crisis. Other Members had received lots of compliments regarding the My Telford App.

Members noted the report.

**AU55      Internal Audit Activity Update Report & PSIAS Action Plan Update**

The Audit & Governance Lead Manager presented the Internal Audit Activity Update Report, PSIAS Action Plan Update and update on the Effectiveness of the Audit Committee Action Plan.

Members received a progress update made against the 2022/23 Internal Audit Plan which provided information on the recent work of Internal Audit during the period 23 June 2022 to 30 September 2022 and previous audit reports issued. The key focus for the team during this period was the completion of audits and commercial contracts.

During the reporting period nine audit report had been produced, two of which were reasonable and the remaining seven were good. This was a good direction of travel. The status of previously issued audit reports could be found at item 3.8 of the report and gave a very positive outlook.

Appendix 2 to the report gave details of the PSIAS Action Plan. Following the CIPFA External Assessment outcome there were some minor recommendations which had been implemented or were planned for future implementation and timetabled in.

In relation to the exercise which had taken place on the effectiveness of the Audit Committee, this had previously been presented to the Committee in January. All actions resulting from this exercise had been implemented or were due to be implemented at a future date.

Upon being put to the vote it was unanimously:

**RESOLVED – that:**

- a) the Internal Audit planned work undertaken between 23 June 2022 to 30 September 2022 and the unplanned work to date be noted;**
- b) the update on the action plan of the Public Sector Internal Audit Standards (PSIAS) external assessment action plan be noted; and**
- c) the update on the effectiveness of the Audit Committee action plan be noted.**

**AU56      Exclusion of the Press and Public**

**RESOLVED** - that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

**AU57      Cases Update**

The Audit & Governance Lead Manager provided Members with an update on the current position in relation to a previously reported case.

Members noted the report.

The meeting ended at 6.51 pm

**Chairman:** .....

**Date:**            Tuesday 24 January 2023