

Cannock Chase Council
Minutes of the Meeting of the
Audit and Governance Committee
On Tuesday 6 April 2021 at 4:00pm
Held via Remote Access

Part 1

PRESENT:
Councillors

Stretton, Mrs. P.Z. (Chairman)
Jones, Mrs. V. (Vice-Chairman)

Cartwright, Mrs. S.M. Woodhead, P.E.
Todd, Mrs. D.M.

Also present:

- Avtar Sohal, Engagement Lead, Grant Thornton (External Auditors)
- Hamze Samatar, Engagement Manager, Grant Thornton (External Auditors)

23. Apologies

Apologies were submitted for Councillor R.J. Hughes.

24. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

25. Minutes

The Minutes of the meeting held on 8 February 2021 were approved as a correct record.

26. Internal Audit Progress Report 2020-21

Consideration was given to the Report of the Chief Internal Auditor & Risk Manager (Item 4.1 – 4.8 of the Official Minutes of the Council).

The Chief Internal Auditor advised that it had not been possible to provide quarterly progress reports this year due to dealing with Covid-19 related matters, therefore the latest update set out the position as at 31 January 2021, and in report paragraph 5.4, the final row of the table should read that two pieces of work were issued, with the other being 'Environment & Healthy Lifestyles Major Projects'. Members were then taken through the main details of Appendices 1 to 3 of the report.

(Councillor Todd joined the meeting during the presentation of the report.)

In response to a query from a Member regarding the partial audits listed in appendix 3 and whether full assurance would be achieved within the required timescales as set out in the audit plan for 2020/21, the Chief Internal Auditor advised that the audit plan performance (as referenced in appendix 1) was about the work of the Internal Audit team and not about the assurances being turned around. There was however slight concern that the recommendations for the partial audits had not been actioned, in particular for the Housing Rents and Information Governance audits as these were second follow-ups, although it was acknowledged that the Covid-19 pandemic had impacted on work being done.

In response to a query from another Member as to whether it would be appropriate for the Committee to write to the relevant risk owners noting the current position, but hoping that the recommendations would be actioned soon, the Head of Governance and Corporate Services advised that if the Committee wished to write individually or collectively to Leadership Team then she could raise at future Leadership Team meetings that the Committee wished to see matters moved forward. The Committee was supportive of this approach being taken.

Resolved:

That the progress report be noted.

27. Internal Audit Plan for 2021-22

Consideration was given to the Report of the Chief Internal Auditor & Risk Manager (Item 5.1 – 5.8 of the Official Minutes of the Council).

The Chief Internal Auditor & Risk Manager took the Committee through the main detail of the report as set out on pages 5.1 to 5.3, and advised that the full audit plans for 2021/22 for the Committee's approval were set out in Appendices 2 and 3.

In response to a query from a Member as to whether the proposed audit plans included anything raised by the External Auditors, the Chief Internal Auditor & Risk Manager advised that nothing was included to this effect. The Plan as set out was run by the External Auditors out of courtesy, and whilst they could not direct or place reliance on the work of the Internal Audit team, they could use the audits included in the Plan for information gathering. The Engagement Manager further advised that they operated independently from the Council and would look at the work of the Internal Audit team to inform their risk assessment in the final stages, and during the audit to be informed of any issues. Furthermore, the scope of the Internal Auditors' work would be considered and whether they had the capacity to do so.

Resolved:

That the Audit Plan for 2021-22 be approved.

28. Annual Audit Letter 2019/20

Consideration was given to the Report of the External Auditors (Item 6.1 – 6.15 of the Official Minutes of the Council).

The Engagement Lead introduced himself to the Committee, advising that he would be taking over this role from John Farrar and directing the work of the Engagement Manager with the Council.

The Engagement Manager took the Committee through the following aspects of the report:

- Executive summary
- Significant audit risks
- Value for Money conclusion

In response to a query from a Member about how the Council compared with other authorities in respect of the error level for materiality, the Engagement Manager advised that the figure varied for local authorities, but this Council was considered to be in a better position owing to the level of controls in place, and so was in a lower risk category. The Engagement Lead further advised that a range of full materiality was in place and this Council was at the higher end due to having a lower level of risk of material misstatement. In councils where weaknesses existed in controls, red flags in internal audit reports and other issues, then materiality levels would be set lower and more testing be carried out.

Resolved:

That the Report of the External Auditors be noted.

29. Audit Progress Report and Sector Update

Consideration was given to the Report of the External Auditors (Item 7.1 – 7.22 of the Official Minutes of the Council).

The Engagement Manager took the Committee through the following aspects of the report:

- Progress at March 2021
- Other certification work undertaken
- Audit Deliverables
- Value for Money Arrangements
- Revised auditing standard 540: Auditing Account Estimates and Related Disclosures

In response to a query from a Member concerning the Redmond review of local audit, the Engagement Lead advised they had been involved in some national reviews and were happy with review report as it echoed many of the issues and challenges faced by auditors at present. The number of auditors had been declining whilst regulatory requirements had increased, leading to a deficiency in delivering high quality audits. There was still lots of ongoing debate about the recommendation to establish a new regulator, and in respect of audit fees, work could not be conducted using the baseline fee set by Public Sector Audit Appointments and as such, auditors were unable to invest in their workforce and create a sustainable market.

Resolved:

That the Report of the External Auditors be noted.

The meeting closed at 5:00 p.m.

CHAIRMAN