

AUDIT COMMITTEE

Meeting: 13 March 2024
At: 6.00 pm

PRESENT

Councillor Sue Glithero (Chair) in the chair; Councillor Carole McCann (Vice-Chair); Councillors Christine Carrigan, Mark Jones, Ian Powney, Alex Wynne and Philip Mills (Co-opted Member).

1. MINUTES

The Minutes (copies of which had been circulated) of the meeting held on 15 November 2023 were approved as a correct record and signed by the Chair.

2. DECLARATIONS OF INTEREST

Councillors and officers were invited to declare any interests they had in any of the items on the agenda for the meeting.

No declarations of interest were made.

3. URGENT DECISIONS

No urgent decisions were reported.

4. PUBLIC QUESTION TIME

Members of the public were invited to put questions to the Chair on any matters within the powers and duties of the Area Committee, subject to the exclusions set out in the Code of Practice.

No public questions were submitted.

5. 2023/24 STATEMENT OF ACCOUNTS - ACCOUNTING POLICIES

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which advised Audit Committee that the Deputy Chief Executive (Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Deputy Chief Executive (Section 151 Officer) must select suitable accounting policies and then apply them consistently and make judgements and estimates that are reasonable and prudent.

The following comments were made/issues raised:

- The Committee was assured that the proposed changes were consistent with standard practice.
- Members of the Committee asked how many people would look at the materiality figure to check if this was a material issue or not.
- Clarity was requested on heritage assets, for example, and what details were explicitly expressed in the accounts.

RESOLVED – (1) That the report be noted.

(2) That the Council's proposed Accounting Policies as set out in Appendix One be adopted in preparing the Council's 2023/24 Annual Statement of Accounts.

6. INTERNAL AUDIT PROGRESS REPORT 3 (OCTOBER 2023 TO FEBRUARY 2024)

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which set out the progress made by internal audit against the approved Internal Audit Plan approved by the Audit Committee in March 2023.

The following comments were made/issues raised:

- In relation to the data breach referred to in the report, how did this happen, was more training needed and what lessons had been learned as a result?
- Members requested confirmation that there had been no closed recommendations in this period.
- Members recommended training for all staff on information security training.
- What punishments were applied to people who were found to have committed fraud? Members noted that the audit team were doing a great job in this area and asked for their thanks to be passed on.
- Would information on the requirements relating to gifts and hospitality be included in the induction training for staff and members?
- Was there enough attention being paid to the emerging risks of climate change?
- How were costs relating to Leisure Community Interest Company being managed?

RESOLVED – That the report be noted.

7. INTERNAL AUDIT PLAN AND CHARTER 2024-25

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which outlined the key area of the Council that current internal audit resources would be directed to, in the next financial year.

The following comments were made/issues raised:

- Members asked whether the report had been written prior to the Full Council meeting when a number of decisions had been taken? Do any of these decisions fall under the need to be assessed and if so, how would this be done given that there are 95 days short on the plan?
- How could Members be assured that the right risks had been identified and no key risks had been downgraded?

- Does anyone other than the internal audit department examine the identified risks, and could consideration be given to Cabinet being able to have a review of it? It was agreed that this would be discussed with the Section 151 Officer and reported back to Audit Committee.
- Were there any concerns in relation to schools setting deficit budgets and how this would be controlled and managed?
- What autonomy does the internal audit team have in terms of deciding what to audit and when?
- Has there been repeat business from Academies?
- Members raised the issue of a possible audit of the Coroner's Service as they had been through a number of changes recently.

RESOLVED – (1) That the report be noted.

(2) That the 2024/25 Internal Audit Plan and Charter be approved.

8. ASSURANCE MAP 2024-25

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which advised the Committee that the assurance map was an effective tool in providing useful insights for both the Corporate Leadership Team (CLT) and members of the Council's Audit Committee. By allowing the key decision makers to take appropriate comfort from the assurance provided, these maps maximised the value of that assurance for the whole Stockport Council operational framework.

The following comments were made/issues raised:

- Members requested clarification on how risk categories were defined.
- The Committee was assured that there was no cause for concern in areas where the control rating was high but the assurance was only deemed to be adequate.

RESOLVED – That the contents of the 2024/25 Assurance Map be noted.

9. ANNUAL GOVERNANCE STATEMENT UPDATE 2

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which outlined the current four governance issues that currently faced the Council along with agreed controls put in place to manage the issues and the report updated on those actions since the AGS was approved by the Audit Committee.

Clarification was requested as to which were the relevant scrutiny committees which would be asked to provide comments.

RESOLVED – That the 'Annual Governance Statement Update 2' be noted.

10. ARRANGEMENTS FOR THE COMPLETION OF THE ANNUAL GOVERNANCE STATEMENT (AGS) 2024-25

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which set out the proposed arrangements for completion of the Annual Governance Statement for 2024/25.

It was noted that the final Annual Governance Statement would be produced and presented at the Audit Committee in September 2024 along with Annual Accounts.

RESOLVED – That the process for completion of the Statement, as detailed in the report, be approved.

11. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME – SELF ASSESSMENT

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which set out the quality assurance arrangements in place for internal audit for 2024/25 along with the self-assessment results of the QIAP for 2023/24 and the proposed basis that the Head of Internal Audit, Risk and Assurance will use for the external assessment of the Council's internal audit function, which is required under the PSIAS.

The following comments were made/issues raised:

- In response to a Member question regarding whether a cost benefit analysis been done in relation to the computer system, the Committee was advised that the internal audit team would work with the current systems they had but there were also some options going forward.
- Members thanked officers for the thorough, clear and helpful nature of the reports presented to Audit Committee.

RESOLVED – That the Quality Assurance Improvement Programme and the results of the self-assessment be noted.

12. CORPORATE RISK REGISTER - QTR 4 UPDATE

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which provided Audit Committee with an update to the Corporate Risk Register Quarter 4.

The following comments were made/issues raised:

- Has consideration been given to raising the risk level in relation to RAAC? In response, the Committee was advised that there were no new additional findings of RAAC found in the last week or so, even so the risk of the whole Council estate in its totality was being escalated from directorate risk to corporate risk.
- A short discussion took place in relation to the risk of Section 114 notices. The Committee was assured that whilst the Council faced significant financial challenges,

the robust plans that were in place helped to mitigate these challenges and the council continued to move forward in a positive and progressive way.

- Members asked about business resilience and continuity when Senior Leaders left the employment of the Council and were the consequences of this being covered?
- Could the number of risks ever be reduced?
- In response to a Member question on whether future risk training sessions on cyber risk would include artificial intelligence, the Committee was assured that this would form a key part of the discussions.

RESOLVED – That the contents of the CRR Update Report be noted.

13. AUDITOR'S ANNUAL REPORT

The External Auditors, Mazars, submitted a report (copies of which had been circulated) which summarised the work that had been undertaken by Mazars as the auditor for Stockport Metropolitan Borough Council.

The following comments were made/issues raised:

- Members requested that the typeface in the report be increased as it is currently too small.
- It was queried whether the council was currently performing well in relation to other Local Authorities. In response, the Committee was advised that Stockport had proper arrangements in place and this was something to be commended.
- A short discussion took place in relation to spending reserves and when it was appropriate to do this.
- How big a risk is the dedicated school grants with a deficit budget of £5.6 million? In response, the Committee was advised that the council was aware of this risk and a great deal of work was ongoing about how this position could be recovered.

RESOLVED – That the Auditor's Annual Report be noted.

14. EXTERNAL AUDIT PROGRESS REPORT MARCH 2024

The External Auditors, Mazars, submitted a report (copies of which had been circulated) which provided Audit Committee with an update on the status of the 2022/23 Audit and also on the status of the 2023/24 Audit.

It was queried what the legal impact would be of publishing accounts which have not been signed off by the Auditor and would this stop the publication of future accounts. In response, the Committee was advised that the accounts had to follow in sequence.

RESOLVED – That the External Audit Progress Report be noted.

The meeting closed at 7.41 pm