

## **AUDIT COMMITTEE**

Meeting: 17 July 2024

At: 6.00 pm

### **PRESENT**

Councillor Sue Glithero (Chair) in the chair; Councillor Carole McCann (Vice-Chair); Councillors Jake Austin, Jon Byrne, 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 13 March 2024 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.

The following interests were declared:-

#### **Personal Interest(s)**

<b><u>Councillor</u></b>	<b><u>Interest</u></b>
Jon Byrne	Agenda Item 9 'Annual School Summary Report 2023-2024' as a Governor at Stockport School.
Jake Austin	Agenda Item 9 'Annual School Summary Report 2023-2024' as a Governor at Warrenwood School.
Carole McCann	Agenda Item 9 'Annual School Summary Report 2023-2024' as a Governor at two Stockport Schools.
Sue Glithero	Agenda Item 9 'Annual School Summary Report 2023-2024' as a Governor at two Stockport Schools

#### **Officers**

<b><u>Officer</u></b>	<b><u>Interest</u></b>
Jonathan Davies	Any items relating to the Life Leisure CIC as a Director and Chair of the Board of the community interest company.

### **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 AUDIT UPDATE**

The Interim Section 151 Officer submitted a report (copies of which had been circulated) which set out statutory guidelines for the public inspection period, audit and approval of the annual Statement of Accounts. The report provided an update as to the progress made on the 2023/24 Statement of Accounts.

The following comments were made/issues raised:

- The Committee passed on their congratulations on to Officers for getting the report and associated work completed so quickly.

RESOLVED – That the report be noted.

### **6. DRAFT ANNUAL GOVERNANCE STATEMENT 2023-24**

The Interim Section 151 Officer submitted a report (copies of which were circulated) which was the draft version of the Council's Annual Governance Statement (AGS) for 2023/24. This was circulated to all Corporate Leadership Team members on 15<sup>th</sup> May 2024 for approval by 24<sup>th</sup> May 2024. Provided there has been no material change in governance issues, this will be issued as final alongside the statutory Annual Financial Accounts, later in the financial year.

The following comments were made/issues raised:

- Members asked how often the local code is reviewed? In response, the Committee was advised that a thorough review was carried out every three years.
- Members requested further clarification relating to problems that other Local Authorities had had with governance issues and what Stockport could learn from this.
- The section of the report relating to the Nolan principles and how Stockport was complying with the principles was welcomed by the Committee.

- Members requested some further information relating to the transformation that was mentioned in the report and queried whether the transformation steering group had been formed?
- Members commented that it was impressive how much work had been done in such a short time in relation to TLC and asked for details on what had been learned as a result of this?
- A short discussion took place in relation to governance and structure of other arm's length companies.
- The Committee queried whether the work on the review of effectiveness was ever externally validated?
- In response to a question about public understanding of different financial challenges, the Committee was advised that there is much more understanding than there used to be. In part, this was due to more focus groups and a communication plan involving members of the public. The Audit team were always looking at new ways of getting the message across.
- Members asked about staff awareness of risk, particularly in relation to cyber threats and business continuity.

RESOLVED – That the report be noted prior to signing by the Leader of the Council and the Chief Executive.

## **7. INTERNAL AUDIT PROGRESS STATEMENT 1 - 2024-25**

The Interim Section 151 Officer submitted a report (copies of which had been circulated) which set out the progress made by internal audit against the Risk Based Internal Audit Plan originally approved by the Audit Committee in March 2024.

The following comments were made/issues raised:

- Members asked whether there were any financial implications in relation to the findings on the reconciliation payroll?
- How were the reports in relation to cyber security communicated to schools?
- Members asked whether the recruitment and retention findings were all interrelated?
- Members commented that it was good to see that the overall number of recommendations had come down and asked what was being done about the remainder?
- Does the audit team have adequate resources to carry out the work that it would like to do?
- Members commented that in relation to cyber security risks at schools, the response provided feels relatively low, does this enable a holistic enough response to give an overview and how can engagement be improved in the future?
- In relation to the work of the Technical Architecture Group, which specifically only focuses on its due diligence at the procurement stage, will there be a recommendation to change this?

RESOLVED – That the report be noted.

## **8. ANNUAL HEAD OF INTERNAL AUDIT OPINION AND REPORT 2023-24**

The Interim Section 151 Officer submitted a report (copies of which had been circulated) which sets out the progress made by internal audit against the Risk Based Internal Audit Plan originally approved by the Audit Committee in March 2024.

The following comments were made/issues raised:

- Members commented that it was good to see that some faults were found as this meant that the system was working, how were the reports communicated to schools?
- Members asked for clarification relating to audit involvement in all matters relating to schools.
- A short discussion took place relating to the possibility of not identifying certain risks and the steps that were taken to mitigate this.

RESOLVED – That the report be noted.

## **9. ANNUAL SCHOOL SUMMARY REPORT 2023-24**

The Interim Section 151 Officer submitted a report (copies of which had been circulated) which aimed to communicate to all stakeholders the key and recurring issues, risks and subsequent recommendations made from the internal audits of schools undertaken in 2024.

The following comments were made/issues raised:

- In response to a Member question, the Committee was advised that the report only related to council maintained schools and that there was a different audit process for academies.
- It was confirmed that this year's recommendations and recurring issues form the development of next year's plan. The audit team liaise very closely with schools on these matters.
- Recruitment and retention of governors was not specifically mentioned as a risk but is this recognised as a problem?
- Members asked how the audit team checked that the recommendations had been carried out?
- Members questioned whether remote audits are less effective? In response, Members were advised that 80-90 per cent of schools preferred face to face interaction.
- How are schools chosen for audit and how many can reasonably be audited?

RESOLVED – That the report be noted.

## **10. CORPORATE RISK REGISTER - UPDATE 1 2024/25**

The Interim 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 1.

The following comments were made/issues raised:

- Members asked about business continuity and the third park telephony issues experienced earlier this year which meant that residents were unable to use the service, have officers reviewed what went wrong and has this fed into this report?
- Would the number of risks ever decrease or is this the number of risks that would be anticipated?
- Members asked whether something could be done in regard to the risks relating to processing EHCP's in a timely manner?
- The Committee queried whether the risk profile in relation to the climate emergency was sufficiently high?
- Is there a risk that some of the change programmes could be cut due to the need to make financial savings?

RESOLVED – That the report be noted.

#### **11. EXTERNAL AUDIT PROGRESS REPORT JULY 2024**

The external auditors Mazars submitted a report (copies of which had been circulated) which provided Audit Committee with information about progress in delivering Mazars' responsibilities as external auditors to the Council.

The following comments were made/issues raised:

- Members asked whether there were any emerging risks that Mazars considered adding to the report? In response, the Committee was advised that there was not, but it was worth noting that as Stockport produces Group Accounts, this will always be something that external auditors will keep an eye on.

RESOLVED – That the report be noted.

The meeting closed at 7.52 pm