

## Minutes of the Audit and Standards Committee Meeting held on 25 February 2025

Present: Mike Worthington (Chair)

Attendance	
Carolyn Trowbridge (Vice-Chair)	Tom Loughbrough-Rudd
Richard Cox	Bernard Peters
Colin Greatorex	Janice Silvester-Hall
Philippa Haden	Francis Chiwariro
Phil Hewitt	David Webster

**Apologies:** Arshad Afsar, Derrick Huckfield, Graham Hutton, Stephen Sweeney and Bernard Williams

### Part One

#### 48. Declarations of Interest

There were no declarations of interest on this occasion.

#### 49. Minutes of the Meeting held on 29 November 2024

**Resolved** – That the minutes of the meeting held on the 29<sup>th</sup> November 2024 be agreed and signed by the Chair.

#### 50. Annual Governance Statement 2023/24

The Committee received the Annual Governance Statement (AGS) for 2023/24 from the Deputy Chief Executive and Director for Corporate Services.

The report followed the usual format, outlining the governance framework for the Council, and assurances provided on effective governance within the organisation. Members noted that the review of the effectiveness of the Council's governance arrangements linked through to the annual review of the Code of Corporate Governance and the Chief Internal Auditor's annual report.

Reports and opinions from the External Auditors were also taken into account, with Members noting the issues surrounding outstanding accounts for previous reporting years.

A key element reflected in the 2023/24 report referred to the OFSTED inspection undertaken in November 2023, and Members were reminded of

a presentation from the Chief Executive in February 2024 which outlined the actions being taken to address the weaknesses identified. The evaluation of those would be included in the 2024/25 Annual Governance Statement.

The Committee were informed of the Annual Review Letter for 2023/24 from the LGSCO which highlighted an action on the need to respond to requests for information relating to Ombudsman investigation enquiries quicker and action remedies on a timelier basis.

Whistleblowing matters continued to be considered by the Monitoring Officer during 2023/24, and where appropriate, were reported to the Corporate Assurance Board for further consideration.

Compliance with the CIPFA Financial Management Code remained high across 2023/24 with actions identified in previous years having been addressed with no outstanding areas to be considered.

Additional guidance had been issued towards the end of the 2024 regarding the reporting period for the Annual Governance Statement. The guidance advocated that the AGS focused on the year of accounts, with only any significant governance issues being raised additionally. With that in mind, AGS 12 had been included in the report, which highlighted the December 2024 White Paper in respect of Devolution and Local Government Reorganisation.

**Resolved** – that the Committee approve the Annual Governance Statement (AGS) for 2023/2024.

## **51. Training on Statement of Accounts**

To support members in considering the draft Annual Accounts for 2023/24, the Chief Accountant gave a brief presentation on the requirements on the Council to produce those accounts, their purpose and the information which they had to contain, the processes for their audit by an external auditor and for making them available for public scrutiny.

**Resolved** – that the presentation be noted.

## **52. Draft Statement of Accounts 2023/24**

Continuing on from minute no. 51 above, the Committee received a report from the Director of Finance on the 2023/24 Statement of Accounts.

The Committee noted that for the year 2023/24, there was a small surplus in comparison to the previous year which resulted in a small deficit. Note 9 in the accounts provided more detailed information on how the surplus

had been reached.

The Committee further noted an increase in assets less liabilities, up to £1,504.7m in 2023/24 from £1,181.4m in 2022/23. This was due to some reduction in liabilities, including a reduction in the pensions liability. It was noted that there was an increase in Debtors and an increase in the amount of cash and investments held on 31<sup>st</sup> March 2024.

Usable reserves had increased to £552.4m in 2023/24, which included general balances of £48.5m and schools' balances of £21.5m.

It was highlighted that the accounts focus on the future, with consideration given to the Council as a going concern. In 2023/24, inflationary pressures and demand for services had an impact on the Council, with a small overspend being funded from general balances. Clarity was given that within the 2024/25 Medium Term Financial Strategy, there was a planned contribution to general balances to replenish the fund.

The Committee were also provided with detail for the Staffordshire Pension Fund accounts, noting a 13.7% increase in market value from the previous year.

Members commented on the 6-week public inspection period for the accounts, and in response it was noted that no enquiries had been received. Enquiries were instead typically received through Freedom of Information requests.

In response to a question regarding cost reduction challenges and inflationary pressures, it was highlighted that a small underspend was forecast for 2024/25 and any pressures which had arisen were reflected in the 2025/26 budget report. Inflation was considered to be less of a pressure than 2023/24.

Members queried the long term loans and whether there was any concern on these. In response, it was noted that any borrowing or plans for borrowing were reflected in the Treasury Management Strategy which sets out the governance followed when taking out any loans. Whilst there were some loans which were due to be repaid, there were no concerns noted in repaying these.

**Resolved** – that the Committee a) approve the 2023/24 Statement of Accounts as attached to the report at Appendix 1.

b) approve the management letter of representation for the County Council at Appendix 2 for 2023/24.

c) approve the management letter of representation for the Pension Fund at Appendix 3 for 2023/24; and

d) delegate authority to the Director of Finance, in consultation with the Chair, to make any amendments to the accounts as deemed necessary by the external auditors.

### **53. Value for Money Report 2023/24 - Staffordshire County Council**

The Committee received a report from the External Auditor, KPMG, on the value for money risk assessment for Staffordshire County Council, year ended March 2024.

The report looked at the arrangements in place across the authority for the reporting period and covered three key areas: Financial sustainability, governance and improving economy, efficiency and effectiveness. To support these findings, Management had been asked to put forward a summary of arrangements and alongside that, minutes of meetings had been reviewed, meetings undertaken with the services concerned, and a review of policies and procedures.

Across the three areas, no significant risk had been identified for financial sustainability and governance. A risk of significant weakness had been identified in relation to the improving economy, efficiency and effectiveness area.

This risk was in relation to the Ofsted report and rating issued in January 2024. This had been identified to be a risk of significant weakness, specifically in how the Council used information about its costs and performance to improve the way it managed and delivered its services. In response, additional work has been performed in considering the response to the findings and impact on arrangements, a review of the approach to developing the Improvement Plan and a review of meeting minutes to establish what actions management had taken since.

Members queried the completeness of the report, as it referred to actions that would be undertaken, and whether they would be sighted on the final version of the report. In response, it was clarified that the Auditor's Annual Report would contain a consolidation of the three reports considered at the meeting, and would feature the conclusions to the work undertaken. This was to be circulated to Members after the Committee, once ready. It was noted that there would be no material changes between the draft report presented at the meeting and the final version.

**Resolved** – that the report and update be noted.

#### **54. Report to those charged with Governance (ISA 260) 2023/24 - Staffordshire County Council**

The Committee received the ISA 260 report (also known as the Year End Report) from the External Auditor, KPMG, for Staffordshire County Council for the year ended 31 March 2024.

Members were reminded that this report was produced in line with the backstop date arrangements for the local government audit backlog and disclaimer audit opinions would be provided.

The report highlighted the areas of work completed within 2023/24 and those pieces of work that could not be completed. The challenges faced with progressing work had also been noted in the report.

Significant delays and quality of audit evidence were brought to the attention of the Committee, including the amount of time needed to produce transaction listings, as Management relied on the third-party host of the finance system to provide the download. The process of account mapping, extraction and reconciliation took considerably longer than expected due to complexities.

The report further highlighted the significant audit risks, covering valuation of land and buildings, post-retirement benefit obligations and the management override of controls.

It was further clarified that the text highlighted in red in the report had now been finalised and the work on value for money was complete. The reason this remained draft was due to the time the report was published as part of the agenda pack.

Members were further provided with an update in relation to the significant value for money risk following the Ofsted report, noting that the improvement plan had been produced and was regularly monitored by Cabinet and the Senior Leadership Team.

Members sought clarity on the timeliness issues raised in the report and whether this was to be expected when setting up new procedures. In response, it was noted that this was to be expected due to a number of factors but would become smoother as more consistent audits took place over future years. Clarity was also sought on the issue regarding the availability of information from CareDirector, and whether this would be addressed in future years.

In response to a question regarding the challenges faced, and whether this was unique to the County Council, it was highlighted that the signing off of reports due to the backstop was a widespread issue, but some the

issues experienced at Staffordshire were specific to the authority, in terms of the third party involvement and information needed.

**Resolved** – that the report and update be noted.

## **55. Report to those charged with Governance (ISA 260) 2023/24 - Staffordshire Pension Fund**

The Committee received the ISA 260 report from the External Auditor, KPMG, for the Staffordshire Pension Fund for the year ended 31 March 2024.

It was confirmed that a full audit opinion would be issued for the Pension Fund, for the 2023/24 reporting period. The report had already been through the Council's Pensions Committee in December 2024.

Six recommendations had been identified as part of the audit work, largely relating to the interpretation of audit standards, information available, and documentation of processes and procedures.

Members highlighted a need for continuity in reporting and presentation styles for future reports.

**Resolved** – that the report and update be noted.

## **56. Audit Committee Update - Changes to Internal Audit Standards**

The Committee received a report from the Director of Finance on changes to the Internal Audit Standards, due to come into effect on the 1<sup>st</sup> April 2025.

Members were reminded that, in January 2024, the Institute of Internal Auditors (IIA) published new Global Internal Audit Standards (GIAS) which became effective on the 9<sup>th</sup> January 2025, as they had been determined as a suitable basis for the practice of internal auditing in the UK public sector.

To assist local authorities, CIPFA had developed an application note which provided UK Public Sector specific context and interpretation of requirements expected to be applied. This application note came into effect on the 1<sup>st</sup> April 2025.

A gap analysis had been undertaken, and no major concerns were raised in terms of compliance with the standards. It was anticipated that only minor changes would be required to the Internal Audit Team's working practices.

One of the new requirements was a 'mandate' for internal audit (GIAS Standard 6.1), and therefore the Council's current Audit Charter would be reviewed to make explicit reference to the mandate and presented at the April 2025 Audit and Standards Committee meeting.

Additionally, the GIAS Standard 6.2 required an internal audit strategy, which was a new requirement. Whilst the County Council brought a strategy annually to Committee, this would be built upon for a fuller strategic statement. Ethics and professionalism standards had also been expanded to include new sections on professional courage and professional scepticism.

Finally, the GIAS Standard 9.4 noted that it should support the achievement of the organisation's objectives. This was an already demonstrable link through the annual audit planning risk assessment methodology.

Moving forward, it was noted that the Council would need to demonstrate that all aspects of the standards were met, and CIPFA had introduced a new Code of Practice in February 2025 to support this.

**Resolved** – that the Committee note the changes to the Internal Audit Standards that are due to come into effect on the 1<sup>st</sup> April 2025 as well as the introduction of a new CIPFA Code of Practice on the governance of Internal Audit in UK Local Government which is due for formal publication at the end of the 2024/25 financial year.

## **57. Changes to the Constitution - Constitution Review 2024/25**

The Committee received a report from the County Solicitor on changes to the Constitution following a review in 2024/25.

Members were reminded that, at their meeting in September 2024, it was agreed that full review of the Constitution would be undertaken. Subsequently, a working group comprising of members of the Committee was formed to support the process and ensure Members' views and suggestions were captured.

Since then, Officers had been working to ensure that the Constitution remained up to date and brought forward suggestions of changes to be made. It was noted that the Constitution still remained fit for purpose and the changes presented to Committee were largely academic.

Next steps were outlined, and the Committee were invited to provide their views on the changes requested before their circulation to Full Council on the 13<sup>th</sup> March 2025.

**Resolved** – that the Committee a) review the requested changes to the Constitution detailed in Appendix 1 which were confirmed by the Constitution Review Working Group; and

b) consider and recommend to Full Council the requested Constitution changes detailed in Appendix 1.

## **58. Forward Plan for the Audit and Standards Committee**

The Committee received the Forward Plan for the Audit and Standards Committee, highlighting items on future agendas.

**Resolved** – That the Forward Plan for the Audit and Standards Committee be noted.

## **59. Exclusion of the Public**

**Resolved** – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972 as indicated below.

## **60. Exempt Minutes of the Meeting held on 29 November 2024**

## **61. Nexxus Care - Final Review of Internal Audit Recommendations**

## **62. Infrastructure+ Asset Data Management**

## **63. Schools Capital Schemes - Final Internal Audit Report (Limited Assurance)**

**Chair**