Chairman - Councillor A M Loughran

Present (for all or part of the meeting):-

Councillors:
I E Davies
R A James
D B Price
R M Sutherland

Cabinet Member - Councillor K S Wiliamson - Resources Portfolio

Officers in attendance:-

Mr I Curran - Legal Services Manager
Mrs J Aupers - Head of Governance
Mr S Baddeley - Chief Internal Auditor
Mr J Dean - Democratic Services Officer

Also present:-

Mr J McLarnon - Engagement Manager, Grant Thornton

AAC1 Minutes

Subsequent to the Chairman welcoming the new members of the Committee, the minutes of the meeting held on 20 March 2018, as published in Digest No 241, were submitted and signed.

AAC2 Apologies

Apologies for absence were received from Councillor A J Perkins and Mr Alistair Welch, Head of Law and Administration.

AAC3 Stafford Borough Planned Audit Fee for 2018/19

Considered the correspondence from Grant Thornton setting out details of the planned audit fee for 2018/19, value for money conclusion and the scope and timing of proposed work, together with details of the members of the external audit team.

Mr Jim McLarnon, Engagement Manager, Grant Thornton noted that the Council's scale fee for 2018/19 had been set by Public Sector Audit Appointments Ltd.
RESOLVED:- that in exercise of the powers delegated to the Committee, the Planned Audit Fee for 2018/19 and the associated correspondence be noted.

AAC4 Audit Progress Report and Sector Update

Mr Jim McLarnon, Engagement Manager, Grant Thornton provided a verbal update of audit work progress, confirming that work had commenced following receipt of a good set of draft accounts prior to the set deadline. No issues had been identified so far, and regular meetings had been and would continue to be held with the Chief Accountant.

RESOLVED:- that in exercise of the powers delegated to the Committee the comments of the Engagement Manager be noted.

AAC5 Review of the Effectiveness of Internal Audit and Internal Audit Charter

Considered the report of the Head of Governance (V2 04/06/18) setting out the findings of the annual review of the effectiveness of internal audit and seeking approval of a revised Internal Audit Charter.

The Chief Internal Auditor highlighted the key revisions made to the Charter before noting paragraph 5.3 of the report and the associated appendices.

The Head of Governance undertook to raise with the Leadership Team Members concerns regarding the review of key policies, as set out on page 22 of the agenda.

Members then voted on the recommendations as set out, which were declared to be carried.

RESOLVED:- that in exercise of the powers delegated to the Committee:

(a) the findings of the annual review of the effectiveness of internal audit for 2017-18 be noted;

(b) it be noted that internal audit generally conformed to the Public Sector Internal Audit Standards, was operating effectively and could be relied on when considering the Annual Governance Statement for 2017-18;

(c) the revised Internal Audit Charter (in particular the introductions of the safeguards at paragraph 7.5 for dealing with conflicts of interest when auditing areas where the Chief Internal Auditor had operational management responsibility be approved.
Considered the report of the Chief Internal Auditor (V1 01/06/18) presenting the Internal Audit Annual Report for 2017-18.

The Chief Internal Auditor referred Members to the associated appendices to the report prior to addressing a number of queries, including:-

- Progress against audits with partial assurance
- Status of audits in progress
- Typographical error on page 56 of the agenda (2017-18 year should read 2018-19 year)

Members then voted on the recommendation as set out, which was declared to be carried.

RESOLVED:- that in exercise of the powers delegated to the Committee:-

(a) the Internal Audit Annual Report for 2017-18 be noted;

(b) Members’ comments regarding progress against those audits with partial assurance be noted.

Considered the report of the Head of Governance (V2 08/06/18) setting out details of the Council’s Strategic Risk Register as at 1 April 2018.

The Head of Governance highlighted paragraph 5.6 of the report before responding to questions regarding:-

- Risk #43 - Cyber attacks
- Risk #49 - Viability / Funding of Stafford Borough Council
- Risk #35 - Increase in vacant business units in Stafford and Stone Town Centres
- Risk #33a - Failure to realise the economic benefits associated with HS2

Members then voted on the recommendation as set out, which was declared to be carried.

RESOLVED:- that in exercise of the powers delegated to the Committee the progress made in the identification and management of strategic risks be noted.

Arising from consideration of the report Members requested that their comments regarding changes to Stafford and Stone Town Centres (Risk #35) be passed to Economic Development and Planning.
**Annual Governance Statement 2017-18**

Considered the report of the Head of Governance (V2 31/05/18) setting out the Council’s Annual Governance Statement for the year 2017-18.

The Head of Governance referred Members to Appendix 1 of the report, highlighting paragraphs 5 and 6. Continuing, details were provided regarding significant governance issues and the associated target dates.

Members then voted on the recommendation as set out, which was declared to be carried.

RESOLVED:- that in exercise of the powers delegated to the Committee the Annual Governance Statement for 2017-18 be approved.

**Business Planning Report - Audit and Accounts Committee**

Considered the report of the Head of Law and Administration (V2 01/06/18) reviewing the programme of business considered by the Committee during 2017/18.

The Committee requested that a reference be added regarding the training provided for members in this area of work.

Members then voted on the recommendation as set out, which was declared to be carried.

RESOLVED:- that in exercise of the powers delegated to the Committee, the report be approved as the Annual Report to be submitted to Council, subject to the amendment to paragraph 5.3 as requested by the Committee.

**Work Programme - Audit and Accounts Committee**

Considered the report of the Head of Law and Administration (V2 01/06/18), presenting the Committee’s work programme.

It was noted that the Internal Audit Quarter 1 Report for 2018/19 would be incorporated into the Quarter 2 Report to be submitted to the 4 December 2018 meeting of the Committee.

Members then voted on the recommendation as set out, which was declared to be carried.
RESOLVED: that in exercise of the powers delegated to the Committee the Work Programme be received, subject to the minor amendment to the associated appendix.

CHAIRMAN