



Date: Thursday, 6 December 2018

Time: 1.30 pm

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire,
SY2 6ND

Contact: Michelle Dulson, Committee Officer
Tel: 01743 257719
Email: michelle.dulson@shropshire.gov.uk

AUDIT COMMITTEE

TO FOLLOW REPORT (S)

4 **Public Questions (Pages 1 - 2)**

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14.

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AUDIT COMMITTEE

6 DECEMBER 2018

PUBLIC QUESTION TIME

Questions Received from Mr S Mulloy:

Question 1 - Preamble

The Audit Commission was disbanded in August 2010 and the work transferred to the private sector, and at the same time the Standard Board regime was abolished with responsibility for ethical standards handed back to local authorities.

Although the audit committee might not agree, the standards committee process is considered 'not fit for purpose' by many who have referred matters for consideration, but what is more of a concern is that, under the former regime, the Audit Commission had special powers and responsibilities to investigate financial misconduct and illegality including the right to require and seize records even from third parties and demand explanations from officers, councillors and even contractors and those working alongside local authorities.

Under the new regime of audit by the private sector, there is no such powers and a variation fee needs to be negotiated by the auditor for any investigation that might take place. This brings the inherent risk that a private sector auditor may feel less able to act without fear or favour, and moderate their professional scepticism with a view to having their contract renewed.

The police have neither the resources or expertise to investigate so essentially, with the greatest of respect to the internal audit team, there is a vacuum of ownership of local government fraud. This is demonstrated by the loophole whereby any complaints that allege criminal behaviour must be referred to the police, but when they are subsequently 'dropped' by the police, the council's standards committee is not permitted to consider the allegations further, thereby natural justice is not seen to be done.

This is sadly lacking in any democratic accountability, and corrosive to public trust in the police and local authority.

Question 1

In the light of the recent well publicised events relating to the lack of oversight of grants made from public funds, council assets being sold and the valuations not being recorded, abuse of covenants, abuse of LJC financial rules, and councillors failing to declare pecuniary interests with apparent immunity, will this audit committee act before the next crisis hits the public domain, because whatever is being done now, no matter how robust it is claimed to be, it is clearly not working?

Response

Where issues have been brought to light outside the scope of the risk based plan these have and will continue to be reviewed against the evidence provided and within available resources and appropriate action taken. Where necessary recommendations are made to Service Areas to improve the control environment and these are followed up.

Question 2

In light of the succession of recent adverse reports about Grant Thornton (see below), how does Shropshire Council justify its continued use of Grant Thornton as its external auditor and will this relationship be reviewed?

April 2017 - <https://www.bbc.co.uk/news/business-39693134>

August 2018 - <https://www.bbc.co.uk/news/uk-england-manchester-45341315>

November 2018 - [Accountancy watchdog to probe Grant Thornton over Patisserie Valerie audits](#)

Response

The Council will not be commenting on the press articles which are unrelated to the work of this Committee.

The appointment of Grant Thornton as External Auditor to Shropshire Council is undertaken by Public Sector Audit Appointments Limited, a national body under the Local Government Association, who act as the appointing person under the provision of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Government (Appointing Persons) Regulations 2015. Grant Thornton have been awarded the contract covering the financial periods 2018/19 to 2022/23. The Council does not have any concerns with this appointment process.