

## **ACCOUNTS AND AUDIT COMMITTEE**

**22 JULY 2021**

**PRESENT**

### **APOLOGIES**

Apologies for absence were received from Councillors

#### **1. MEMBERSHIP OF THE COMMITTEE 2021/22**

The Committee received for information a summary of its membership for the current municipal year, including details of Chair, Vice-Chair and Opposition Spokespersons, as determined by Council at its Annual Meeting on 26<sup>th</sup> May 2021.

RESOLVED – That the membership of the Committee be noted.

#### **2. TERMS OF REFERENCE FOR THE COMMITTEE 2021/22**

The Committee received for information details of its Terms of Reference for the current municipal year, as determined by Council at its Annual Meeting on 26<sup>th</sup> May 2021.

RESOLVED – That the Terms of Reference for the Committee be noted.

#### **3. QUESTIONS FROM MEMBERS OF THE PUBLIC**

It was noted that no questions had been received for referral to the current meeting.

#### **4. DECLARATIONS OF INTEREST**

Councillor Lloyd declared a Personal Interest, in view of her Trusteeship, in any matter relating to Trafford Domestic Abuse Service; and Councillor Cordingley declared a Personal Interest in agenda item 8 (Annual Audit letter 2019/20), as he had served as Executive Member for Finance during the year in question.

#### **5. MINUTES**

RESOLVED – That the Minutes of the meeting held on 23<sup>rd</sup> March 2021 be approved as a correct record and signed by the Chair.

#### **6. DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21**

The Corporate Director of Governance and Community Strategy submitted a report presenting, for the Committee's consideration, the Draft 2020/21 Annual

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Governance Statement (AGS). Members were advised of the background to the requirement for the Statement, and the process being undertaken for its production and agreement.

In discussion, questions were raised by Members regarding the level of historic detail incorporated within the draft Statement; performance in processing of FOI requests, and liaison and communications with the community in relation to measures to mitigate the Covid-19 pandemic. It was agreed that these issues would be referred to the relevant officers; and noted that any further feedback could be supplied directly to Governance Services. The Committee was advised that it would have an opportunity to review an updated version of the Statement later in the year, before it was signed off.

RESOLVED –

- (1) That the content of the draft Annual Governance Statement be noted.
- (2) That it be noted that the final version of the Annual Governance Statement must be approved by 30 September 2021 in accordance with The Accounts and Audit (Amendment) Regulations 2021; and that the final version would be presented for approval by this Committee, prior to sign off by the Chief Executive and Leader of the Council.

### **7. ANNUAL AUDIT LETTER 2019/20**

Muhammad Khan was in attendance on behalf of Mazars, the Council's external auditor, to introduce their Annual Audit Letter which set out details of their audit work undertaken at the Council for the financial year 2019/20. It was noted that the document had previously been circulated to the Committee's Members for their information. It focussed on the audit of the Council's financial statements, the auditor's value for money conclusions and other reporting responsibilities. Much of the Letter's content had previously been reported to the Committee; this final version served as formal confirmation that the audit had been finalised and completed.

RESOLVED – That the content of the Annual Audit Letter be noted.

### **8. AUDIT STRATEGY MEMORANDUM 2020/21**

Muhammad Khan was in attendance on behalf of Mazars, the Council's external auditor, to introduce their Audit Strategy Memorandum which set out details of their audit work to be undertaken at the Council in respect of the financial year 2020/21. It was noted that the document had previously been circulated to the Committee's Members for their information. It focussed on the significant areas of audit coverage, the auditors' approach, and key concepts underpinning their work.

The committee's attention was drawn to the new procedure for formulating the auditors' Value for Money opinion; and the consequent three month extension to the normal timescale to facilitate this. In discussion of the valuation risks referred to in the paper, Members were advised of the methodology and key criteria used

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in assessing the valuation of assets such as the Council's holding in the Manchester Airport Group in response to changing circumstances affecting such issues as activity levels, yield and dividend payments.

RESOLVED – That the content of the Audit Strategy Memorandum be noted.

## **9. EXTERNAL AUDIT PROGRESS REPORT**

Muhammad Khan was in attendance on behalf of Mazars, the Council's external auditor, to introduce a report which set out details of the progress of their audit work at the Council, as at July 2021. It was noted that the reporting timetable for 2020/21 had been extended by Government, with the Council now due to publish draft financial statements by 31<sup>st</sup> July 2021. The paper also set out details of current publications which might be of interest to the Committee's Members in undertaking their role.

In discussion, it was noted that in the current year the auditors would have a presence on site, rather than working entirely remotely; and it was noted that the precise timing of the availability of draft financial statements was not expected to have any significant impact on the progress of audit work to be undertaken.

RESOLVED – That the content of the update report and publications summary be noted.

## **10. TREASURY MANAGEMENT ANNUAL PERFORMANCE 2020/21 REPORT**

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which outlined the key treasury management activities undertaken during 2020/21, including: compliance with legislative and regulatory requirements and prudential indicators; average levels of external debt and interest rate payable for 2020/21; average level of treasury investments for 2020/21; and an adverse variance on the Treasury Management budget which had been incurred as a result of the impact of COVID-19 had on the economy and its impact on the MAG Airport Dividend of £5.597m not being received, and lower interest rates. It was noted that additional income from strategic investments, including loan facilities, of £624k had helped to reduce the impact.

RESOLVED - That the treasury management activities undertaken in 2020/21 be noted, and that it be recommended that both Executive and Council also note the report.

## **11. BUDGET MONITORING 2020/21 - PERIOD 12 OUTTURN (APRIL 2020 TO MARCH 2021)**

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which informed Members of the 2020/21 outturn figures relating to both Revenue and Capital budgets. It also summarised the outturn position for Council Tax and Business Rates within the Collection Fund. In considering the report, Members raised the question of the extent to which the outturn position was in line with normal expectations, and to which the previous

year's position might be predictive of the current. It was noted in response that it was currently very early in the current year; but that the unprecedented and unpredictable nature of the financial challenges facing the Council were likely to result, for example, in a shift in the balance between expenditure and contributions to reserves.

RESOLVED -

- (1) That the report, and the revenue outturn position showing a budget underspend of £2.804m, which will be transferred to the Budget Support Reserve, be noted.
- (2) That the reserves position as detailed in paragraph 7 and Appendix 2 of the report be noted.
- (3) That the final capital programme outturn position as detailed in paragraphs 27 to 40 of the report be noted.

### **12. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2020/21**

The Audit and Assurance Manager introduced a report which provided a summary of the work of the Audit and Assurance Service during 2020/21; and also provided an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompassed internal control, risk management and governance) during 2020/21. The Committee noted in particular the satisfactory opinion on the adequacy and effectiveness of the Council's internal control environment.

In discussion Members raised questions regarding the rationale for the selection of Internal Audit coverage, and the extent to which the Covid-19 pandemic might have influenced the financial control environment. It was noted that specific audit coverage was planned of areas which might have been subject to changes in controls during the period.

RESOLVED – That the content of the report be noted.

### **13. STRATEGIC RISK REGISTER UPDATE REPORT**

The Audit and Assurance Manager introduced a report which provided an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks.

An opportunity was provided for Members to raise questions on the content of the Register. A range of queries was raised including in relation to: overall assurance in the management of a range of financial risks; the Council's potential risk in relation to UA92, and its current performance; current and potential future demand in relation to school places; health and safety and employer's liability issues in relation to working from home; potential increased demand in children's and adults social care; and various aspects of information security. Responses were given where available by officers in attendance. It was also noted that more detail would

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be provided outside the meeting; and that more in-depth coverage of particular risk areas, such as the Council's investment programme and Climate Emergency, could be undertaken at the Committee's meetings later in the year.

RESOLVED – That the content of the report be noted.

**14. ACCOUNTS AND AUDIT COMMITTEE 2020/21 ANNUAL REPORT TO COUNCIL**

The Chair and Vice-Chair of the Committee presented a report which set out the 2020/21 Annual Report of the Accounts and Audit Committee, and which was to be submitted to Council at its meeting on 28<sup>th</sup> July 2021.

RESOLVED – That the content of the report be noted.

**15. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2021/22**

The Audit and Assurance Manager introduced a report which set out the proposed work programme for the Committee for the 2021/22 municipal year. It outlined areas to be considered by the Committee at each of its meetings over the period of the year. The work programme would help to ensure that the Committee met its responsibilities under its terms of reference and maintained focus on key issues and priorities as defined by the Committee. The programme had been produced taking into account the Accounts and Audit (Amendment) Regulations 2021 which set out statutory deadlines for completion of the Council's Accounts and Annual Governance Statement. It was noted that the work programme was flexible and could have items added or rescheduled if this ensured that the Committee best met its responsibilities.

It was requested that feedback / suggestions be referred to the Committee's Chair and / or to the Audit and Assurance Manager; and the Committee noted a request for a detailed review of the Climate Emergency risk included within the Strategic Risk Register.

RESOLVED – That the 2021/22 work programme be approved.

The meeting commenced at 6.30 pm and finished at 8.17 pm