

## **ACCOUNTS AND AUDIT COMMITTEE**

**15 JULY 2020**

### **MEMBERS PARTICIPATING**

Councillor B. Brotherton (in the Chair).  
Councillors C. Boyes, G. Coggins, J. Dillon, A. Duffield, J. Lloyd (Vice-Chair),  
A. Mitchell and B.G. Winstanley; and Mrs. J. Platt.

#### In attendance

Deputy Director of Finance (Mr. G. Bentley),  
Audit and Assurance Manager (Mr. M. Foster),  
Governance Officer (Mr. J.M.J. Maloney),  
Governance Officer (Mr. A. Murray).

### **ALSO PARTICIPATING**

Councillor T. Ross (Item 52).

#### Also in attendance

Mr. T. Rooney (Mazars).

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

It was noted that there were no questions to be referred to the current meeting.

### **46. DECLARATIONS OF INTEREST**

No declarations were made by Members.

### **47. MINUTES**

RESOLVED – That the Minutes of the Meeting held on 5<sup>th</sup> February, 2020  
be approved as a correct record and signed by the Chair.

**48. 2019/20 DRAFT ANNUAL GOVERNANCE STATEMENT**

The Audit and Assurance Manager introduced a report of the Corporate Director of Governance and Community Strategy which set out the Draft 2019/20 Annual Governance Statement (AGS). Members were advised that the preparation and publication of an AGS was necessary to meet the statutory requirement set out in the Accounts and Audit Regulations. Due to COVID-19, the timing for the statutory completion of the AGS had been changed this year as set out in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. The content of the draft AGS had been reviewed and agreed by CLT, including agreeing significant governance issues detailed in the draft, which had also been shared with External Audit to accompany the 2019/20 draft accounts. The AGS had been produced taking into account both the framework and guidance on the AGS issued by CIPFA/SOLACE in April 2016. The final version would take into account any further feedback from this Committee and would accompany the Council's Accounts, with the final version being signed off by the Leader of the Council and Chief Executive.

In discussion, Members were advised of a small number of minor amendments which were already under consideration; and it was requested that any further comments / observations from Members be passed to the Corporate Director of Governance and Community Strategy or Mr. A Murray (Governance Services).

RESOLVED – That the content of the report, and the process which it set out to finalise the AGS, be noted.

**49. EXTERNAL AUDIT PROGRESS REPORT**

Tommy Rooney (Mazars) was in attendance to introduce a report which set out details of progress on the work of the External Auditor as at July 2020, including the impact of Covid-19 on such matters as audit testing, remote working, etc. Some deadlines had been amended in consequence; and a further update would be made to the Committee in October 2020.

In discussion a question was raised regarding the Council's arrangements for the management of its commercial investment portfolio. The audit response was that whilst it was not a matter for the auditor to provide a view on individual investment decisions, the broad arrangements operated by the Council were kept under review, and no concerns had been identified.

RESOLVED – That the content of the report be noted.

**50. 2020/21 AUDIT FEE LETTER**

The Deputy Director of Finance introduced a letter from Public Sector Audit Appointments which set out details of the scale fee for the Council's external audit in 2010/21.

RESOLVED – That the content of the letter be noted.

**51. 2019/20 TREASURY MANAGEMENT ANNUAL PERFORMANCE REPORT**

The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems submitted a report which outlined the key treasury management activities undertaken during 2019/20, including: compliance with legislative and regulatory requirements, including all treasury management prudential indicators; average levels of external debt and interest rates payable for 2019/20, and comparisons with the previous year; average levels of treasury investments for 2019/20 and rates of return; and net budget savings of £(1.2)m generated mainly as a result of increased levels of income received from Manchester Airport Holding Limited. Members were advised that the report was also to be referred to the Executive and Council.

In discussion, Members raised issues and queries, including in relation to rates of debt supporting the Capital Investment Programme, and associated funding sources and consequences; possible implications of the Covid-19 pandemic for the performance of retail investment assets, and the concept of under-borrowing, including its relationship with the level of the Council's reserves.

RESOLVED –

- (1) That the Treasury Management activities undertaken in 2019/20 be noted and approved.
- (2) That the Executive and Council be recommended to note the content of the report.

**52. 2019/20 REVENUE BUDGET MONITORING OUTTURN AND CAPITAL INVESTMENT PROGRAMME OUTTURN REPORTS**

The Executive Member for Finance and Investment was in attendance to present a report which informed Members of the 2019/20 outturn figures relating to both Revenue and Capital budgets, and the level of General and Service Reserves. It also summarised the final unaudited position for Council Tax and Business Rates within the Collection Fund. The Executive Member also took the opportunity to brief the Committee on some of the principal challenges, mainly linked to the impact of Covid-19, facing the Council's budget in the current and coming years.

An opportunity was provided for Members to raise questions on the content of the report. These centred on the level of the Council's reserves; the nature and timing of support received from central Governments; the approach to managing demand-led budgets; the position in respect of capital funding for cycling schemes; and underspends on staffing. On the latter two points, it was agreed that further updates could be provided outside the meeting.

RESOLVED – That the content of the report be noted.

**53. 2019/20 ANNUAL HEAD OF INTERNAL AUDIT REPORT**

The Audit and Assurance Manager submitted a report which provided a summary of the work of the Audit and Assurance Service during 2019/20, and provided an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompassed internal control, risk management and governance) during 2019/20. Members' attention was drawn in particular to the Summary Audit Opinion, namely that "overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard".

Members noted that some amendments had been made during the year to the initial plan; but also that levels of acceptance and implementation of recommendations during the year had been generally good.

RESOLVED – That the content of the report be noted.

**54. 2020/21 INTERNAL AUDIT PLAN**

The Audit and Assurance Manager submitted a report, previously shared with Accounts and Audit Committee Members in March 2020, which provided, at a high level, the Internal Audit Operational Plan for 2020/21. The report also contained the Internal Audit Charter and Strategy, previously approved by the Accounts and Audit Committee in March 2019. The content was subject to review, not least because of the impact of Covid-19. Some activities, such as visits to schools, had appropriately been deferred; and update on progress against the Plan was to be provided to the Committee's meeting in October 2020.

RESOLVED – That it be noted that the 2020/21 Internal Audit Plan within the report would be subject to changes through the year and that updates would be provided to the Committee at future meetings.

**55. STRATEGIC RISK REGISTER UPDATE REPORT**

The Audit and Assurance Manager submitted 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. It was noted that the report was developed in liaison with the Corporate Leadership Team, and had been recently updated. Members' attention was drawn to areas where the designation or categorisation of risks had been amended.

In discussion, a number of queries and issues were raised by Members, including: aspects of the presentation of risk data (direction of travel indicators, separation of impact / likelihood columns); static nature of the MTFP and Brexit risks and non-inclusion of Climate Emergency; position of the ICO in relation to data breaches; and assessment methodology for individual risks. It was noted that feedback would be referred to CLT on these issues, the presentation of the data reviewed for the next meeting, and the existing guidance on the assessment of risk circulated to Members for information.

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RESOLVED – That the content of the report, and the observations made by Members, be noted.

**56. ACCOUNTS AND AUDIT COMMITTEE 2019/20 ANNUAL REPORT**

The Chair of the Committee presented the report, summarising the Committee's role, purpose and activities during the year 2019/20, noting that it was intended for onward referral to Council.

RESOLVED – That the content of the report be noted.

**57. ACCOUNTS AND AUDIT COMMITTEE 2020/21 WORK PROGRAMME**

The Audit and Assurance Manager submitted a report which set out the proposed work programme for the Committee for the 2020/21 municipal year. It outlined areas to be considered by the Committee at each of its meetings, over the remainder of the year. The programme would help to ensure that the Committee met its responsibilities under its terms of reference and maintained focus on key issues and priorities. It had been produced in the light of the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 which set out revised statutory deadlines for completion of the Council's Accounts and Annual Governance Statement. It was emphasised that the programme was flexible and responsive to emerging priorities and / or Members' suggestions referred to the Committee's Chair or Vice-Chair.

In relation to the budgetary challenges currently faced by the Council, it was noted that a briefing session was to be held for Members on the Council's Final Accounts, and that Members would be sent the current year's Period 2 Budget Monitor report when it became available.

RESOLVED – That the 2020/21 work programme for this Committee be approved.

**58. URGENT BUSINESS (IF ANY)**

(a) Mr. Graeme Bentley

[Note: The Chair agreed to allow consideration of this item as Urgent Business in order for information to be promptly conveyed to Members.]

The Chair advised that the Deputy Director of Finance was to be appointed to a more senior position within the Council from 1<sup>st</sup> August 2020. Both he and the Corporate Director would be in position with the Council for a while to come. Congratulations were accorded to Mr. Bentley on behalf of the Committee.

The meeting commenced at 4.00 p.m. and finished at 5.30 p.m.