

ACCOUNTS AND AUDIT COMMITTEE

20 JULY 2022

PRESENT

Councillor B. Brotherton (in the Chair).

Councillors G. Carter, S. Ennis, W. Hassan, J. Lloyd (Vice-Chair), R. Thompson and M. Whetton; and Mrs. J. Platt.

In attendance

Director of Finance and Systems (Mr. G. Bentley),
Audit and Assurance Manager (Mr. M. Foster),
Finance Manager (Mr. F. Fallon) (part only),
Governance Officer (Mr. A. Murray) (part only),
Governance Officer (Mr. J.M.J. Maloney).

Also In Attendance

Ms. K. Murray and Mr. M. U. Khan (Mazars).

APOLOGIES

Apologies for absence were received from Councillor Morgan.

1. MEMBERSHIP OF THE COMMITTEE 2022/23

RESOLVED – That the membership of the committee, and chairing arrangements, as agreed by Council for the municipal year 2022/23, be noted.

2. TERMS OF REFERENCE FOR THE COMMITTEE 2022/23

The Committee received for information its Terms of Reference as agreed by Council for the municipal year 2022/23. It was noted that these were unchanged from the previous year.

RESOLVED – That the Terms of Reference for the committee, as agreed by Council for the municipal year 2022/23, 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

No declarations were made by Members of the Committee.

5. MINUTES

RESOLVED – That the Minutes of the Meeting held on 22nd March, 2022 be approved as a correct record and signed by the Chair.

6. 2021/22 DRAFT ANNUAL GOVERNANCE STATEMENT

The Director of Legal and Governance submitted a report presenting for the Committee's consideration the Draft 2021/22 Annual Governance Statement (AGS), whose preparation and publication was necessary to meet the statutory requirement set out in the Accounts and Audit Regulations. The content of the draft AGS had been reviewed and agreed by the Corporate Leadership Team, including significant governance issues detailed in the AGS. It had been produced taking into account both the framework and guidance on the AGS issued by CIPFA/SOLACE in April 2016.

RESOLVED – That, following consideration, it be noted that the final version of the Annual Governance Statement must be approved by 30 November 2022 in accordance with the Accounts and Audit (Amendment) Regulations 2021; and that the final version would be presented for approval by the Committee, prior to sign off by the Chief Executive and Leader of the Council.

7. AUDIT STRATEGY MEMORANDUM 2021/22

On behalf of the Council's external auditor, Mazars, Karen Murray introduced the Audit Strategy Memorandum / audit plan for the financial year 2021/22. She set out the key areas of audit work coverage, in respect of financial statements and the Council's arrangements to secure value for money; and areas of identified risk (in general, common to most local authorities) on which the audit work would focus. An opportunity was provided for members to raise questions, and these centred on the valuation of various categories of the Council's assets.

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

8. EXTERNAL AUDIT PROGRESS REPORT

On behalf of the Council's external auditor, Mazars, Muhammad Uzair Khan introduced a progress report on the current external audit. One item was still outstanding from the 2020/21 accounts, but that was solely since guidance was awaited from the National Audit Office in respect of the "Whole of Government Accounts" return. Planning had been completed for the 2021/22 audit, and fieldwork would be undertaken in the autumn. It was noted that the update report incorporated a schedule of publications which might prove helpful to Members of the Committee in undertaking their role.

RESOLVED – That the content of the audit progress update be noted.

9. TREASURY MANAGEMENT ANNUAL PERFORMANCE 2021/22 REPORT

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which outlined the main treasury management activities undertaken during 2021/22, including in relation to compliance with all legislative and regulatory requirements, including all treasury management prudential indicators; average levels of external debt and interest rate payable for 2021/22; the average level of treasury investments for 2021/22; and the outturn position for the Council's Treasury Management function. It was noted that the key variances related mainly to the levels of income the Council received from Manchester Airport Holdings Ltd (MAH) due to the ongoing impacts of the Covid-19 pandemic.

In discussion, Members raised queries regarding the impact of rising interest rates, which was in fact currently limited, with the majority of the Council's debt being at fixed rates; and explored the implications of such issues as maturity dates, deferred grant payments and capital programme slippage for the Council's cash holdings and net indebtedness levels.

RESOLVED – That the treasury management activities undertaken in 2021/22 programme be noted.

10. BUDGET MONITORING REPORT 2021/22 - PERIOD 12 OUTTURN (APRIL 2021 - MARCH 2022)

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which informed Members of the 2021/22 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 discussion, queries were raised regarding the expected impact of inflation, particularly in relation to pay and energy costs, and the consequences for budget provision made; on the nature of Council-wide budgets and the operation of the Collection Fund; and on the interrelationship between vacancy rates and use of agency staff, including the challenges of recruitment and retention in some areas of particular scarcity.

RESOLVED –

- (1) That the content of the report be noted, and the revenue outturn position showing a budget underspend of £1.530m, which had been transferred to the Budget Resilience, Innovation and Change Reserve.
- (2) That the reserves position as detailed in paragraph 15 and Appendix 8 to the report be noted.
- (3) That the final capital programme outturn position as detailed in paragraphs 30 to 47 of the report be noted.

11. CIPFA FINANCIAL MANAGEMENT CODE

The Director of Finance and Systems submitted a report which provided an update on the Council's assessment of its position in respect of the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code clarified how the Director of Finance and Systems should satisfy his statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972. Details were also provided of the standards comprising the Code and an assessment of the Council's compliance with these standards. Members were advised that the assessment will also be used to help inform the Council's 2021/22 Annual Governance Statement (AGS), to be published alongside the Statement of Accounts.

The Director advised that the Council was reasonably well placed, but would continue to monitor and reinforce its compliance; and it was noted that progress monitoring, potentially including benchmarking, could be incorporated within this Committee's work programme. Members discussed the issue both of financial training for Members of the Council, and the respective roles, in relation to financial issues, of this and the Scrutiny Committee, and it was agreed that these issues would be discussed in greater detail outside the meeting.

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

12. AUDIT AND ASSURANCE REPORT FOR THE PERIOD JANUARY TO MARCH 2022

The Audit and Assurance Manager submitted a report which provided a summary of the work of Audit and Assurance during the period, and ongoing assurance to the Council on the adequacy of its control environment. Rates of acceptance and implementation of audit recommendations during the period were encouraging. Much of the report's content was also reflected in the following agenda item, covering the full financial year; and updates on ongoing workstreams would be provided to the Committee's next meeting.

It was noted that the service's work on Covid business grants had now concluded; and that follow-up work was planned on the new Let Estate service. In response to a query, it was agreed that further detail of the work undertaken to date could be supplied outside the meeting.

RESOLVED – That the content of the report be noted.

13. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2021/22

The Audit and Assurance Manager submitted a report which provided a summary of the work of the Audit and Assurance Service during 2021/22, and also provided an opinion on the overall adequacy and effectiveness of the Council's control environment (encompassing internal control, risk management and governance) during 2021/22.

It was noted that the overall opinion was that the level of assurance was assessed as reasonable. Details of the component elements of this assessment were set out in the report. It was noted that the service carried out internal assessment of its adherence to established standards in carrying out its work; but also that an external assessment, under the auspices of CIFPA, was due to be undertaken in March 2023. In respect of a query regarding audit completions, the Committee was advised that whilst a realistic target had been set which was somewhat lower than the previous year's target, it was higher than that year's actual completions.

RESOLVED – That the content of the report be noted.

14. STRATEGIC RISK REGISTER 2022/23 (JULY 2022 UPDATE)

The Audit and Assurance Manager submitted a report which provided an update on the Council's strategic risk environment, setting out developments relating to the management of each of the identified strategic risks. The register had recently been reviewed by the Corporate Leadership Team; the Covid risk had reduced, whilst the most significant risk remained in respect of the Medium Term Financial Plan. It was noted that Members were welcome to suggest key areas for particular focus; and, whilst improvement in some areas was noted, it was agreed that a more detailed update on Information Governance performance might usefully be incorporated into the Committee's work programme. In discussion it was noted that ongoing learning from the Covid pandemic was reflected in the Council's arrangements for safeguarding business continuity.

RESOLVED – That the content of the report be noted.

15. ACCOUNTS AND AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL 2021/22

The Audit and Assurance Manager advised the Committee that the report of the Committee's Chair and Vice-Chair, which presented the 2021/22 Annual Report of the Accounts and Audit Committee, was to be submitted to Council at its meeting in July 2022. Thanks were accorded to the officers who had assisted with the report's preparation, and its content was noted.

RESOLVED – That the content of the report be noted.

16. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2022/23

The Audit and Assurance Manager submitted a report which set out the proposed work programme for the Committee for the 2022/23 municipal year. It outlined areas to be considered by the Committee at each of its meetings over the period of the year. It 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 compiled taking into account statutory deadlines in relation to the completion and approval during 2022/23 of the Council's 2021/22 Accounts and Annual Governance Statement. Members were reminded that the programme was flexible, allowing for items to be added or rescheduled; and the issues raised elsewhere on the agenda, including monitoring of the Financial Management Code, Information Governance and consideration of training in finance issues, were noted.

RESOLVED – That the content of the report, and the issues noted elsewhere on the agenda, be noted.

The meeting commenced at 6.30 p.m. and finished at 8.26 p.m.