

# ACCOUNTS AND AUDIT COMMITTEE

1<sup>st</sup> FEBRUARY 2023

## PRESENT

Councillors: Brotherton (Chair), Lloyd (Vice Chair), Thompson, Carter, Whetton, Hassan, Morgan.

### In attendance

Lorraine Cox	Director of STAR
Elizabeth McKenna	Assistant Director of Finance and Systems
Karen Murray	External Auditor, MAZARS
Graeme Bentley	Director of Finance and Systems
Mark Foster	Audit and Assurance Manager
Frank Fallon	Finance Manager
Stephanie Ferraioli	Governance Officer

## 1. ATTENDANCES

An apology for absence was received from Councillors Ennis and Whitham.

## 2. DECLARATION OF INTEREST

There was no declaration of interest to disclose.

## 3. MINUTES

RESOLVED – That the minutes of the meeting held on 24<sup>th</sup> November be approved as a true and correct record.

## 4. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions from members of the public have been received.

## 5. STAR PROCUREMENT UPDATE

The Director of STAR Procurement presented Members with an update on the current financial position at STAR. Specifically, she demonstrated how the Social Value and

the National TOMs framework is applied nationally and at STAR to embed Social Value into Procurement, making it easier to draw comparisons and accountability.

She informed Members that there is now a Social Value Steering Group that meet regularly to assess the impact on the community as one of its primary functions.

The Chair asked how the TOM measures are applied and how the figures presented in the report are calculated. The Director explained that the social value portal tool is a really helpful tool; for instance, if a person has been long term unemployed or are an ex offender or were in the Army, they are assigned a value on the work required to move them into employment.

Councillor Lloyd enquired about the total of projects running in Trafford and was informed that there are an approximate of 650 procurements per year between Councils.

Councillor Carter enquired whether the contract for AMEY comes under STAR and was told that STAR covers the contract for AMEY but not the sub contracts.

Councillor Hassan wanted to know a little more about the social economy and was informed that this meant that the Trafford pound is recycled into its economy via contracts with local businesses. Looking at business engagement, social value of getting young people into work and helping the community grow.

RESOLVED – That the update be noted.

## **6. AUDIT PROGRESS REPORT**

The External Auditor informed that the team was still working on the 21/22 audit along with the Trafford Council finance team. There is a lot of work still to be carried out before figures can be discussed. An update will be available as soon as possible.

Councillor Morgan asked how the auditors working so closely with the finance team were able to maintain their independence and what timescale they were working towards. He was informed that there are regular catch-ups with the Finance team taking place every two months. Ideally they would prefer a sign off at the end of March with the final accounting probably ready for the Committee in June. In terms of the infrastructure accounting requirements there is a little more work to be done.

Councillor Thompson asked about the different statutory overrides. The External Auditor stated that at the moment there are four main ones including Infrastructure, DSG, pension liability and investment funds.

RESOLVED – That the report be noted.

## **7. TREASURY MANAGEMENT ANNUAL STRATEGY REPORT**

The Finance Manager presented the Treasury Management Annual Strategy report informing that this was to be presented to the Council later this month.

A review of the MRP policy is taking place with the main change being the way the annual charge is calculated. This is a proven approach for Trafford but it will continue to be monitored annually to ensure it remains the case. The Council was to be asked to approve the change to the policy to use the annuity approach.

The Finance Manager continued informing Members that a great amount of focus has been put on training for the team; a register of officers' skills and knowledge has been created, with Members receiving training annually. There are three Treasury reports a year and specific training will be provided prior to each report.

Councillor Whetton said that the onus was on Members to attend training and that the right level of importance and prioritisation should be given to the training sessions as Members' input is very important. The Finance Manager agreed that perhaps the scheduling could be done more in line with other meetings taking place in the Council to maximise attendance but Members do need to make every effort to attend.

Training has also taken place via Zoom, so the recording can be shared with those who could not attend for future learning.

RESOLVED – That the report be noted.

## **8. BUDGET MONITORING 2022/23 – PERIOD 8 (APRIL TO NOVEMBER 2022)**

The Director of Finance and Systems introduced the Budget Monitoring report saying that this was sent to the Executive on 23<sup>rd</sup> January 2023 and that this has been a challenging financial year which is reflected in the report. The current level of projected overspend was £4.97m. This included an underspend on directorate budgets of £229k and inflationary impacts, specifically on pay and energy costs of £5.2m.

Councillor Whetton thanked the Director for the report stating that they had talked about this in previous meetings. However, there is still a deficit of £5,000,000, is there some provision that can be released to make a difference and reduce the figure?

The Council does maintain contingencies within the budget that can be flexed on depending on the demand; for instance, children and adults services have a contingency in each of those areas; there was also a corporate contingency which could help the current in-year position if not required.

There are other things coming into play as part of the outturn to assist, namely the change around the minimum revenue provision, that has potential to be applied in 2022/23, so that could be quite a significant benefit to add to the budget position.

Councillor Whetton continued enquiring about the scenario of facing a possible deficit at year end, would it be just the Reserves that would provide a solution or is there something else.

The Director stated any surpluses or deficits at year end would be channelled into the budget support reserves.

Councillor Carter raised a number of queries on the detail in Table 1 of the report and the Director of Finance and Systems said he would make changes to the format of the table for future reports.

Councillor Carter also queried the references to the Dedicated Schools Grant and it was explained that this was a separate ring-fenced account and funded by a specific Government grant. Further updates would be provided to future meetings.

Councillor Morgan queried the costs for children services and the extent that pressures were having on future budgets.

Councillor Hassan queried how the Council is managing its risks on Reserves. The Director of Finance stated that there was a misconception from the Government in thinking that authorities are sat on Reserves, not understanding why. They are now taking more interest in working with authorities to learn more.

RESOLVED – That a DSG update be presented to a future Committee meeting.

## **9. 2022/23 AUDIT AND ASSURANCE SERVICE UPDATE REPORT – OCTOBER TO DECEMBER 2022**

The Audit and Assurance Manager reported on the internal audit work undertaken for the period from October to December 2022. In terms of outcomes, there were 7 final audit reports and overall a good outcome with 5 of those providing substantial assurance opinions. In section 5 of the report there is a summary of the different audits, with recommendations and further work to be carried out.

The final reports were issued for the council tax and payroll system reviews. Audit opinions provided a substantial assurance level for both reviews. In respect of council tax, a small number of recommendations were made. In respect of the payroll review it was noted that previous recommendations made had been implemented.

Also 4 school audit reports were issued, 3 of which gave a substantial opinion. There was a limited assurance opinion relating to the Trafford Alternative Education Provision, with some areas identified where control improvements were needed such as in relation to the collection of income and maintenance of inventories.

The Audit team has recently worked with other services to co-ordinate the submission of data to the Cabinet Office as required as part of the National Fraud Initiative.

It was noted that the Internal Audit Plan for 2023/24 will be provided for approval at the next Committee meeting in March.

RESOLVED – That the report be noted.

#### **10. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME 2022/23**

RESOLVED – That the Cyber Security item be deferred to the first meeting of the next municipal year.

#### **11. URGENT BUSINESS (IF ANY)**

There was no urgent business to be discussed.

#### **12. EXCLUSION RESOLUTION**

There was no Exclusion Resolution to be considered.

Meeting ends: 8.10 pm.