

ACCOUNTS AND AUDIT COMMITTEE

20 JUNE 2018

PRESENT

Councillor B. Brotherton (in the Chair).

Councillors E. Patel (Vice-Chairman), C. Boyes, J. Dillon and P. Lally.

In attendance

Head of Financial Management

(G. Bentley)

Head of Governance

(P. Forrester) (present for minutes 1-5)

Audit and Assurance Manager

(M. Foster)

Democratic & Scrutiny Officer

(C. Gaffey)

Also in attendance

M. Heap, Grant Thornton UK LLP

K. Murray, Mazars

T. Rooney, Grant Thornton UK LLP

APOLOGIES

Apologies for absence were received from Councillor J. Slater

1. MINUTES

RESOLVED: That the Minutes of the meeting held on 27 March 2018, be approved as a correct record and signed by the Chairman.

2. MEMBERSHIP OF THE COMMITTEE 2018/19, INCLUDING CHAIRMAN, VICE-CHAIRMAN AND OPPOSITION SPOKESPERSON

RESOLVED: That the Membership of the Committee for the 2018/19 Municipal Year, as appointed at the Annual Meeting of the Council held on 23 May 2018 and set out below, be noted:

Councillors Boyes, Brotherton (Chairman), Dillon, Lally, Mitchell (Opposition Spokesperson), Patel (Vice-Chairman) and Slater.

3. TERMS OF REFERENCE

The Committee received a report detailing the Accounts & Audit Committee's Terms of Reference. Members were advised that there were no fundamental changes, with a slight amendment to the legislative references in relation to the Annual Governance Statement.

The Committee discussed the provision in place for appointing a non-voting co-opted member to the Committee. This was proposed by Cllr Barry Brotherton (Chairman), and seconded by Cllr Paul Lally, and was agreed in principle by Committee Members. The Head of Governance advised that a Constitutional Working Group, led by the Executive Member for Constitutional Reform and Resident Engagement, had been setup to consider constitutional matters, and

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would ensure that the appointing of a co-opted member to the Committee would be considered as part of their work programme.

RESOLVED:

- 1) That the Committee's Terms of Reference, as agreed at the Annual Meeting of the Council held on 23 May 2018, be noted.
- 2) That the appointing of a co-opted member to the Accounts and Audit Committee be considered as part of the Constitutional Working Group's work programme.

4. CORPORATE GOVERNANCE CODE

The Committee received a report of the Head of Governance setting out the updated Corporate Governance Code, which had been provided to the Corporate Leadership Team for comment. The Head of Governance requested that any Members' comments be submitted by no later than 13 July 2018. A final version of the Code would be presented to the Accounts and Audit Committee for their approval at the meeting on 30 July 2018.

RESOLVED: That the report be noted.

5. DRAFT ANNUAL GOVERNANCE STATEMENT - 2017/18

The Committee received a report of the Head of Governance setting out the Draft 2017/18 Annual Governance Statement (AGS). Members were asked to contact the Head of Governance with any comments they may have on the draft AGS by Friday 13 July, 2018. It was noted that the draft AGS had been reviewed and endorsed by the Corporate Leadership Team and had been sent to the Council's external auditors for comment. The final version of the Statement would be signed by the Leader of the Council and the Chief Executive, before being brought back to the Committee for their approval at the meeting scheduled for 30 July 2018.

Members discussed the significant governance issue relating to the delivery of Vision 2031, and requested that more detailed information on the Vision itself be made available. Members were advised that the Vision itself was not in the form of a document, but was a 'live' issue with a number of work streams in place to deliver the desired outcomes. The Head of Governance would follow up on this for Members.

RESOLVED: That the report be noted.

6. AUDIT PROGRESS REPORT (JUNE 2018)

The Committee received a report from Grant Thornton UK LLP on the progress at June 2018 in delivering its responsibilities as the Authority's external auditor. It was noted that the financial audit was underway and that a further report would be presented to the Committee at the meeting scheduled for 30 July 2018.

RESOLVED: That the report be noted.

7. INTRODUCTION FROM EXTERNAL AUDITORS FOR 2018/19

The Committee received a report of Mazars, the Council's newly appointed external auditor for 2018/19. The report highlighted Mazars' ethos, their expertise in local government audit, and their approach to the transition at Trafford.

Members were advised that the handover protocol with Grant Thornton had been agreed, and Mazars had engaged in initial meetings with Trafford's Finance Team. Mazars were committed to providing social value and promoting social mobility, with a number of initiatives in place to ensure these were delivered, including the expansion of their graduate recruitment scheme and their school leaver programme. Mazars intended to use their position across Manchester to share and promote their social value ethics. It was noted that the social value project was currently in the early stage of development, and more information would be provided in due course.

RESOLVED: That the report be noted.

8. TREASURY MANAGEMENT ANNUAL PERFORMANCE 2017/18 REPORT

The Committee received a joint report of the Executive Member for Finance and the Chief Finance Officer, outlining the treasury management activities undertaken during 2017/18.

The report highlighted the increase in new debt due to the change in the Council's investment in commercial property, and it was noted that budget savings of £(2.3)m in net treasury management costs had been achieved, primarily due to the increased Manchester Airport Group share dividend being received. It was also noted that none of the Council's set prudential indicators had been breached.

Members requested further information in relation to the temporary borrowing referred to in section 4.13 of the report. The Head of Financial Management explained that this would relate to the Council's commercial property investments, but would provide Members with more detail following the meeting.

Members discussed the breakdown of the Council's investments listed in Appendix D, and asked for further information on the recent transfer in the level of investments from non-UK to UK based counterparties. Members were advised that a number of factors, including liquidity, would be considered when making investments, and that these decisions were made with advice from treasury advisers. The Head of Financial Management advised that further information on the Amundi investment could be provided to Members following the meeting.

Members discussed the Council's borrowing position and requested a breakdown of the capital programme. Members also asked whether there was a maximum amount of additional borrowing that the Council could undertake. Members were advised that there wasn't necessarily a limit, but borrowing would need to adhere

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to the prudential code. Any borrowing would need to be both sustainable and affordable.

RESOLVED: That the Accounts & Audit Committee advise the Council:

1. of the Treasury Management activities undertaken in 2017/18;
2. that no prudential limits were breached during 2017/18; and
3. that there was full compliance with both the CIPFA Code of Practice on Treasury Management and CIPFA Prudential Code for Capital Finance.
4. to approve the revised Prudential Indicator for Maturity Structure of Borrowing shown at paragraph 7.3.

9. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2017/18

The Committee received a report of the Audit and Assurance Manager providing an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompassed internal control, risk management and governance) during 2017/18, as well as providing a summary of the work of the Audit and Assurance Service during 2017/18. The Internal Audit Opinion was that the Council's control environment was operating to a satisfactory standard.

Members discussed the planned work and actual days spent and the reasons for the variation in some of these, notably in the category for 'grant claims checks / data quality'. Members were advised that a higher than expected number of days had been spent on this due to the audit work undertaken in respect of the Stronger Families Programme, with audit teams across the combined authority agreeing a revised approach with the introduction of a systems audit which required more time to complete the work than originally planned. This had been taken into consideration for the coming year's operational plan.

RESOLVED: That the report be noted.

10. ACCOUNTS AND AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL 2017/18

The Committee received a joint report of the 2017/18 Accounts and Audit Committee Chairman and Vice-Chairman, setting out the 2017/18 Annual Report of the Accounts and Audit Committee to be submitted to Council.

RESOLVED: That the report be noted.

11. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2018/19

The Committee received a report of the Audit and Assurance Manager setting out the proposed work plan for the Committee for the 2018/19 municipal year.

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Members were reminded that the draft accounts training had been scheduled for 28 June 2018, and the Head of Financial Management would look into prospective dates for providing Committee Members with Treasury Management training.

Members were asked to contact the Audit and Assurance Manager with any suggestions for additions to the work programme.

RESOLVED: That the 2018/19 work programme be approved.

The meeting commenced at 6:30 pm and finished at 7:20 pm.