

**Minutes of:                   AUDIT COMMITTEE**

**Date of Meeting:**   17 September 2019

**Present:**                   Councillor M Whitby (in the Chair)  
Councillors R Gold, M Hayes, N Jones, D Silbiger,  
Sarah Southworth, R Walker, S Walmsley and S Wright

**Also in attendance:**       Karen Murray – Mazars  
Ian Pinches - Mazars

**Public Attendance:** No members of the public were present at the meeting.

**Apologies for Absence:**

---

#### **AU.171       DECLARATIONS OF INTEREST**

Councillor Sarah Southworth declared a personal interest in any item relating to Six Town Housing as she is a Member of the Board of Directors. She also declared a personal interest in any item relating to Persona and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies.

Councillor S Wright declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury School. He also declared a personal interest in any item relating to Six Town Housing as he is a member of the Board.

#### **AU.172       MINUTES OF THE LAST MEETING**

**It was agreed:**

That subject to the amendment that Councillor Southworth declared a personal interest in any item relating to Persona and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies, the Minutes of the last meeting of the Audit Committee held on 30 July 2019 be agreed as a correct record and signed by the Chair.

#### **AU.173       MATTERS ARISING**

Councillor Silbiger referred to the appointment of Mike Woodhead as Chief Finance Officer and asked if this appointment was permanent.

It was reported that this was a permanent appointment.

#### **AU.174       RISK MANAGEMENT ANNUAL REPORT**

Lynne Ridsdale, Deputy Chief Executive (Corporate Core), presented a report from Councillor Eamonn O'Brien Cabinet Member for Finance and Housing.

The report provided Members with details of risk management activity that had taken place over the past 12 months. The report also outlined risk management

policies and the key issues that would be addressed during the coming financial year.

The report set out the Council's approach to managing risks and included the 2018/2019 Corporate Risk Register.

It was explained that the challenges for 2019/2020 would include the budget, demand pressures, GDPR, implications around Brexit, capacity to deliver the scale of transformation.

It was explained that risk management would be embedded within the council culture, systems and processes and that all managers would be skilled in risk management processes.

Lynne stated that the input of the Audit Committee was welcomed.

- Councillor Gold referred to exchange rates and asked whether there were any risks relating to this.

The Chief Finance Officer, Mike Woodhead stated that the main risks were in relation to supply chains.

Lynne explained that the main risks were medicines, foods, civil unrest and fuel and transport disruption. The council was working with the GM Brexit Monitoring team but also looking at both the local Bury picture and nationally. The local resilience forum were also bringing in partners.

- Councillor Walker asked whether it was possible to produce medicines in the UK if getting them from Europe was proving difficult.

Mike Woodhead explained that all medicines are subject to a patent when they are first developed and this can be quite lengthy. Once this patent has expired there is no reason why the medicine cannot be produced in the UK but there would still be quite lengthy constraints in relation to UK production to consider.

- Councillor N Jones referred to issues around availability of fuel and stated that this would be more likely due to unrest in the Middle East.
- Councillor Walker referred to the changes to business rates and the returns arrangements with Greater Manchester. Councillor Walker asked whether there was a time limit on this arrangement.

Mike Woodhead stated that he would bring more information to the Audit Committee in relation to this.

- Councillor Whitby reported that the Chair of the Audit Committee had in the past been a member of the Corporate Risk Register Group. This group no longer met in the same format. Councillor Whitby asked that if the Audit Committee had any issues to raise in relation to Risk Management would they be able to do so through Lynne Ridsdale.

Lynne reported that she would welcome any input from the Members of the Audit Committee.

**Delegated Decision:**

1. That the Audit Committee re-affirms its support for the Council's approach to Risk Management.
2. That the progress made throughout 2018/2019 and the actions planned for 2019/2020 be noted.

**AU.175 AUDITED STATEMENT OF ACCOUNTS 2018/2019** (Pages 137 - 166)

The Head of Financial Management presented a report providing Members with details of the Authority's audited Statement of Accounts for the financial year ended 31 March 2019.

It was reported that the pre-audited Statement of Accounts was approved by the Responsible Finance Officer on 31 May 2019. The accounts have now been audited by Mazars and members of the Audit Committee noted that;

- 10 audit adjustments have been required;
- Two recommendations have been made which are of medium to low priority;
- Officers will work with Mazars to improve the final accounts process;
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of the accounts.

Karen Murray representing Mazars the Council's external auditors, presented the Audit Completion report for 2018/2019 alongside the Statement of Accounts. The Audit Completion report summarised the key findings from Mazars work in relation to the financial statements for the year ending 31 March 2019 and their assessment of the Authority's arrangements to secure Value for Money in its use of resources.

It was explained that Mazars had substantially completed their work and it was anticipated that an unqualified audit opinion would be issued within the next few days.

Andrew Baldwin, Head of Financial Management presented the Letter of Representation which was signed by the Chief Finance Officer and the Chair of the Audit Committee, Councillor Whitby, to Mazars which was required before the audit opinion could be issued.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor N Jones referred to the issues around the valuing of property, plant and equipment and asked whether the changes required were by thousands or more or less.

Karen Murray explained that in some cases it was hundreds of thousands but that that did not affect the bottom line and wasn't a material issue. It had no impact on the revenue outturn position nor had any impact on the bottom line of the balance sheet.

Mike Woodhead explained that there would be no benefit to the Council in over valuing assets. The main concern was around getting this information right.

Mike explained that the Council will work together with Mazars, the estates department and the finance team to carry out a piece of work in this area to update processes.

Karen reported that a piece of work would be carried out and a joint action plan produced in relation to the work required. The Action Plan would be brought to a future meeting of the Audit Committee.

- Councillor N Jones referred to document pack page 162 and the significant differences that were set out in relation to cash flow statement, cash flow statement (other), movement in reserves and note 17 operating leases and asked if Mazars had concerns around these issues.

It was explained that there was no material effect in relation to the revised figures set out.

- Councillor Gold referred to the 'learning, non-heading schools' heading and asked what this referred to.

It was explained that this was education services provided by Children and Young People such as psychology services etc.

- Councillor Walker referred to the empty properties across the borough and asked whether Bury Council had an empty property officer?

It was explained that an answer to this would be provided at a future meeting.

- Councillor N Jones referred to the work of the Council Tax and benefits team and asked that their hard work be acknowledged.
- Councillor Walker referred to the work of Mazars and Council staff in relation to the Audit work and asked that this be acknowledged.

### **Delegated decision:**

1. That the final audited version of the Statement of Accounts for the 2018/2019 financial year be approved in line with the provisions of the Accounts and Audit Regulations 2015.

2. That the matters and issues arising from the audit and contained within the Audit Completion Report (ISA (UK+I) 260 Financial Statement Report) presented by Mazars be accepted.
3. That the letter of representation signed by the Chief Finance Officer and the Chair of the Audit Committee which was presented at the meeting be approved.
4. That Mazars be thanked for their support and advice during the audit process.

#### **AU.176 QUARTERLY GOVERNANCE STATEMENT**

Janet Spelzini, Audit Manager presented a report providing Members with a quarterly update on the Annual Governance Statement which had been approved by the Audit Committee at its meeting on July 30 2019.

The report gave an update on the continuous monitoring that was carried out and highlighted any relevant issues with regards to Risk Management, Business Continuity, Budget Monitoring, the work of Internal Audit, the work of the Governance Panel and Sickness levels across the authority's staff.

- Councillor Walker referred to sickness levels within Communities and Wellbeing and asked what the reasons were for this increase.

It was explained that the physical nature of the work for a large number of employees meant that injuries and other medical issues were more prevalent within the department.

- Councillor N Jones stated that Bury Council had been the 3<sup>rd</sup> worse authority in Greater Manchester in relation to staff sickness and asked if this was still the case.

Andrew Baldwin stated that he would provide an update on this.

#### **Delegated decision:**

That the contents of the report be noted.

#### **AU.177 FINANCIAL MONITORING REPORT**

Mike Woodhead, Chief Finance Officer presented a report updating the Committee on the authority's financial position in line with the Committee's Statement of Purpose to 'Provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment'.

It was reported that the authority is projecting an overspend of £0.996m for the year, based on spending and income information as at 30 June 2019.

It was explained that the Authority's financial position is continually monitored throughout the year, monthly reports are considered by departmental management teams and summaries available to Cabinet Members. A monthly

report is presented to the Joint Executive Team and to Cabinet Members on budgets within their portfolios.

Four themed Budget Recovery Boards have also been established to oversee the implementation of savings plans, to develop further pipeline schemes, to monitor additional pressures arising in year, and to identify mitigations. A Council-CCG wide system of tracking progress has been implemented and a savings tracker is updated and shared with senior managers and JET on a fortnightly basis. The four boards are:

- Health and Care
- Corporate Core
- Business Growth and Investment
- Operations and Other Council Services

The projected overspend of £0.996m represents approximately 0.7% of the total net budget of £138.862m.

An overview of the variance was outlined in the report at 3.5.

Further information was provided in relation to commitment accounting and balance sheet monitoring as at month 3.

It was explained that the figures represent a snapshot of the Council's Balance Sheet at a given point in time and are not indicative of the Council's overall financial position.

Members of the Audit Committee were given the opportunity to ask questions and make comments and the following points were raised.

- Councillor Silbiger referred to the information at 3.5 of the report and asked what the 'other' figure referred to.

It was explained that this figure referred to grants that the Council would receive.

- Councillor Silbiger referred to the use of other funding or earmarked or other reserves in relation to the overspend.

It was explained that the non-service specific includes Manchester Airport for which the previous years' dividend is used.

- Councillor Walker referred to the GM Better Care Fund and part of the fund being used to help cut down on hospital admissions. Councillor Walker asked whether doctors were happy with part of the fund being used to boost the Council budget.

Mike Woodhead explained that the Better Care Fund is a national fund. The CCG Governing body had approved the different uses for the fund as it was recognised that the fund has to go where it is needed.

**Delegated decision:**

That the contents of the report be noted.

**AU.178 EXCLUSION OF PRESS AND PUBLIC**

**Delegated decision:**

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

**AU.179 INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented a report updating Members on the work being carried out by Internal Audit, as measured against the Annual Plan for 2019/20. Appended to the report were details of work carried out and audit reports issued, and any significant items were highlighted in the report.

**Delegated decision:**

That the report be accepted.

**AU.180 MEMBERS FEEDBACK**

The Audit Manager presented a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries. This included; details of cash transactions on large cash transactions and by providing follow-ups to audit that had been revisited since the Audit Committee meeting in July 2019.

Councillor Whitby made reference to two specific reports and asked for follow up information in relation to these.

Janet Spelzini, the Audit Manager reported that she would provide this information to Councillor Whitby.

**COUNCILLOR M WHITBY**  
**Chair**

**(Note: The meeting started at 7.00 pm and ended at 8.40 pm)**