

Minutes of: AUDIT COMMITTEE

Date of Meeting: 19 November 2019

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

AU.231 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.232 MINUTES OF THE LAST MEETING

It was agreed that the Minutes of the last meeting held on 17 September 2019 be approved as a correct record and signed by the Chair.

AU.233 MATTERS ARISING

Councillor Walker referred to the question that he had asked in relation to an empty property officer and whether the Council had one.

Mike Woodhouse, Chief Finance Officer reported that he had checked with the Premises Team to establish whether the Council employed an officer in relation to empty properties and it was reported that they didn't.

Mike explained that work was carried out in relation to Six Town Housing properties and getting these turned around but not in relation to privately owned properties.

Councillor Walker asked whether some research could be undertaken to see what value is added by employing an empty property officer.

Mike Woodhouse, Chief Finance Officer made reference to the issue that had been raised around the valuation of property, plant and equipment and explained that he had met with the property team and Mazars in relation to this. The Property

Team were putting together proposals on how to move forward. Mike explained that he had asked that quotes be sought for external support.

It was also explained that valuations will be taking place for the interim audit which needed to be completed before 31 March 2020. This would allow for a new approach to be used.

AU.234 EXTERNAL AUDIT PROGRESS REPORT NOVEMBER 2019

Karen Murray, Partner at Mazars presented the Audit Progress report which provided the Audit Committee with an update on progress made in delivering their responsibilities as the Council's external auditors. The report also highlights key emerging national issues and developments which the Committee may find useful.

Karen explained that the work on the 2018/2019 Audit had been completed and the Audit Report had been issued on 8 November 2019 which provided:

- An unqualified opinion on the Council's 2018/2019 financial statements; and
- An unqualified conclusion on the Council's arrangements during 2018/2019 to deliver value for money in its use of resources.

Work had been completed on the Council's Whole of Government Accounts (WGA) return as required by the National Audit Office. The unqualified conclusion on the Council's WGA submission on 8 November 2019; and

The Audit Completion Certificate to certify the closure of the audit had been issued.

It was explained that a meeting had taken place with Council Officers to carry out a comprehensive debrief of the audit and to identify opportunities to improve the process for 2019/2020.

Karen reported that the 2019/2020 audit was now due to begin and in the next few weeks Mazars will;

- Hold internal planning meetings;
- Hold update meetings with the finance team to agree the arrangements for the interim and final audit visits;
- Discuss emerging technical issues with the Audit team; and
- Review minutes from Council meetings to inform financial audit and value for money conclusion risk assessment.

Karen referred to section 2 of the report making reference to the New Code of Audit Practice 2020/21 which would come in to force no later than 1 April 2020.

There were proposed changes to the way auditors report on arrangements to deliver value for money in the use of resources, changes to timescales and possible changes to the annual audit letter.

- Councillor Walker referred to Value for Money and asked who has the final say on whether something is value for money.

Karen explained that the National Audit Office has issued guidance notes to auditors in relation to this.

Karen stated that she would share this information with the Committee.

Delegated decision:

1. That the contents of the report be noted.
2. That Karen and Ian be thanked for their report.

AU.235 AUDIT COMPLETION LETTER

Karen Murray - Partner - Mazars presented a report summarising the outcome from the local audit work in relation to the 2018-2019 audit year.

The letter is intended to communicate key messages to key external stakeholders including members of the public and will be placed on the Council's website.

Outstanding matters and conclusions reached were detailed within the letter.

The report contained information in relation to the Audit Certificate and the Audit Fee.

Delegated decision:

1. That the contents of Annual Audit Letter be accepted.
2. That the Audit Committee's thanks to Mazars be recorded.

AU.236 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 £0.467m for the year, based on spending and income information as at 31 August 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 summary is submitted to the Joint Executive Team and discussed with 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

Other measures include a £1000 per transaction procurement limit, a Budget Control Group that considers requests for filling vacant posts, a review of external staff resources such as contractors and consultants.

Included in the report was information setting out the outturn forecast, commitment accounting, balance sheet monitoring, procurement activity and the minimum level of balances.

Mike reported that the Council was confident that the books would be balanced for the 2019/2020 financial year and that the savings proposals and plans for the following financial year will be robust.

Those present were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor Gold referred to the figure of £467,000 that was set out in the report and asked if this was for the full year.

It was explained that this was the forecast at the second quarter and this would reduce further as more actual figures were known.

- Councillor Wright referred to money being moved from the CCG to help the Council and asked whether the CCG budget would suffer because of this.

Mike Woodhead explained that the agreement came from the CCG and was the contingency from the Better Care Fund and wasn't ring-fenced for specific services. It was acknowledged that the CCG will struggle to balance the books but the Council and CCG were working together and looking at pooling and aligning where possible.

- Councillor Wright referred to the CCG having an Audit Committee also and asked whether there should be joint meetings of the Committees.

It was explained that the current legislation wouldn't allow for a joint committee and until this changed they would be 2 separate legal entities. There was however the possibility of undertaking a joint piece of work.

Karen Murray stated that a joint piece of work could be commissioned but would have to report to each Audit Committee.

- Councillor Gold referred to the £467,000 figure and asked if any further projected figures were available.

It was explained that the figures in the report take account of Quarter 3 & 4. The quarter 5 figures would be less.

- Councillor N Jones referred to the recent rise to the PWLB rates and asked how this had affected the Council's borrowing.

Mike explained that the rates were still very low and wouldn't make borrowing prohibitively expensive. There were also other sources of borrowing at better rates for short term that the Council could consider.

- Councillor Walker referred to 3.2 of the report where it stated that Members would be alerted to potential pressures so that they can monitor the situation and take ownership. Councillor Walker asked who the members would be.

It was explained that this referred to the portfolio holders of the relevant services. It was expected that these Members would be fully aware.

Delegated decision:

That the contents of the report be noted.

AU.237 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.

The Corporate Risk Register was in the process of being updated and this would be forwarded to the Audit Members when complete.

The Internal Audit team had produced a total of 125 recommendations during the first half of the year with one recommendation being ranked high.

The sickness levels across the Council remained relatively stable.

Those present were given the opportunity to make comments and ask questions and the following points were raised:

- Councillor N Jones asked what work was being done to reduce levels of sickness.

Janet explained that she would ask HR to confirm what strategies were in place.

- Councillor Whitby referred to the future plans for the risk register and asked that the committee receive a presentation on this when any changes are made.

AU.238 FUTURE TRAINING

Councillor Whitby referred to future training requirements of the Committee and explained that reference had been made previously to receiving information relating to the work of the Counter Fraud Team. Councillor Whitby asked whether this was something that the Members of the Committee would welcome.

Delegated decision:

That a presentation on the work and outcomes of the Counter Fraud Team be brought to the 25 February 2020 meeting of the Audit Committee.

AU.239 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.240 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 summaries of final reports issued during the second quarter of the year and the set of performance indicators up to 30 September 2019.

Delegated decision:

That the report be accepted.

AU.241 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 September 2019.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 8.00 pm)