

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 25 February 2020

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

Also in attendance: Lisa Kitto, Interim Deputy Chief Finance Officer
Karen Murray, Partner, Mazars
Janet Spelzini, Audit Manager
Councillor N Jones
Chloe Ashworth, Democratic Services

Public Attendance: 1 Member of the public was present at the meeting.

Apologies for Absence: Councillor D Silbiger and Councillor D.Vernon

AU.1 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.2 MINUTES OF THE LAST MEETING

It was agreed that the Minutes of the last meeting held on 19 November 2020 be approved as a correct record and signed by the Chair.

AU.3 MATTERS ARISING

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

AU.4 ANNUAL GOVERNANCE STATEMENT 2019/20

Lisa Kitto, Interim Deputy Chief Finance Officer provided the Committee with a report that set out the action plan and timetable to ensure compliance with the production of an Annual Governance Statement for 2019/20.

The deadline for completing the ASG is 31 July in line with the deadline for approval of the accounts.

It was agreed:

1. Members noted the report and key dates for compiling the annual governance statement.

AU.5 ACCOUNTING POLICIES REVIEW AND CLOSURE OF ACCOUNTS 2019/20

Lisa Kitto, Interim Deputy Chief Finance Officer provided the Committee with a report that set out the process for the production of the statement of accounts 2019/20 including a review of the accounting policies.

The Committee were informed that whilst there has been no change in the substance of the accounting policies, they have been streamlined in line with the latest guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of which is to provide clearer and more transparent information.

It was agreed:

1. Members note the accounting policies to be used in the production of the statement of Accounts 2019/20

AU.6 ANNUAL AUDIT LETTER FOR 2018/19

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.

Questions were raised regarding extra fees incurred. It was confirmed that this arose due to complex and technical work.

Delegated decision:

1. That the contents of Annual Audit Letter be accepted.

AU.7 AUDIT STRATEGY MEMORANDUM 2019/20

Karen Murray, Director and Engagement Lead, Mazars LLP, Bury's External Auditors, presented a report setting out Mazars Audit Strategy Memorandum for Bury Council for the year ending 31 March 2020.

The document summarised the audit approach, highlighted significant audit risks and areas of key judgements and provided the Audit Committee with details of the Mazars audit team.

The report set out the audit scope, approach and timeline and outlined the procedures that will be performed at different stages of the audit.

The audit approach was explained as being a risk based approach. A risk assessment will be completed which will help to develop the audit strategy and design audit procedures in response to the assessment.

Materiality thresholds were detailed and it was explained how these were set and monitored in relation to Bury Council. To comply with International Standards on Auditing (UK) it was explained that three types of audit differences would be reported to the Audit Committee;

- Summary of adjusted audit differences;
- Summary of unadjusted audit differences; and
- Summary of disclosure differences (adjusted and unadjusted)

The report included the approach to Value for Money and a summary of the work that will be undertaken to reach a conclusion;

- Risk assessment
- Risk mitigation work
- Other procedures

The Significant Value for Money risks were explained and it was reported that for the 2019/20 financial year three significant risks had been identified for inclusion;

- Management Override of controls
- Property, plant and equipment valuation (Land & Buildings and investment properties)
- Defined Benefit Liability Valuation

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

Questions around the formal pooling arrangement of s75 agreement, funding framework and other initiatives where the Council is aligning with the CCG were raised. Specific request were made around the auditing of the CCG and if further work should be done for the external auditors to work together.

Karen explained that the Council have external auditors and the CCG also have external auditors. It was agreed that further work should be done to work together to ensure value for money.

Delegated decision:

1. That Karen be thanked for her attendance at the meeting
2. That the contents of the report be noted.
3. A joint CCG and Council Audit Committee be organised
4. A discussion between the CCG and Council Auditors takes place.

AU.8 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.9 INTERNAL AUDIT PROGRESS REPORT

The Audit Manager submitted a report briefing the Committee Members on the work being carried out currently by Internal Audit in line with the Annual Audit Plan 2019/2020.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted. This included work carried out against the approved plan, detailing final reports issued since the last Audit Committee meeting and a suite of performance indicators.

Delegated decision:

That the contents of the report be noted.

AU.10 INTERNAL AUDIT PLAN 2020/21

The Interim Deputy Chief Finance Officer presented a report setting out the proposed approach to developing the Internal Audit Plan for 2020/21.

The report and the appendices set out the overall strategy for producing the plan including adopting a risk based approach. It was proposed that as a result of the new approach that the final plan be presented to the Audit Committee in June 2020.

Progress reports will be submitted during the year and an Annual Report will be presented following the completion of the 2020/21 financial year.

Delegated decision:

1. That the Audit Committee agree the approach to the development of the internal audit plan 2020/21 and agreed that the plan be presented to the committee in June 2020.
2. To obtain an update at a future meeting regarding the risk register.

AU.11 CARBON NEUTRALITY

It was requested that the Audit Committee make a commitment to be as paperless as possible and papers are limited at meetings.

AU.12 LGA AUDIT TRAINING

Councillor Whitby, Audit Committee Chair advised the Committee that she had recently attended an LGA training session which she found useful and interesting and encouraged all members to attend a future course.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 8.20 pm)