

**Minutes of:**               **AUDIT COMMITTEE**

**Date of Meeting:**       15 March 2022

**Present:**               Councillor M Whitby (in the Chair)  
Councillors S Butler, U Farooq, I Gartside, M Hayes,  
B Mortenson, J Rydeheard and S Wright

**Also in attendance:** Marcus Connor – Governance Manager & Data Protection Officer  
Steve Cutler  
Sam Evans – Executive Director of Finance  
Karen Murray – Mazars  
Lynne Ridsdale – Deputy Chief Executive  
Amelia Salford – Mazars  
Janet Spelzini – Audit Manager

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

**Apologies for Absence:** Councillor M Smith

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**AU.1       DECLARATIONS OF INTEREST**

Councillor Steve Wright declared a personal interest in any item relating to schools in the Borough as his wife is employed at a local school.

**AU.2       MINUTES OF THE LAST MEETING**

**It was agreed:**

1. That the Minutes of the meeting held on 25 November 2021 be approved as a correct record and signed by the Chair.
2. That the Minutes of the meeting held on 20 December 2021 be approved as a correct record and signed by the Chair.
3. That the Minutes of the meeting held on 12 January 2022 be approved as a correct record and signed by the Chair

**AU.3       MATTERS ARISING**

There were no matters arising from the Minutes.

**AU.4       INFORMATION GOVERNANCE**

Lynne Ridsdale , Deputy Chief Executive submitted a report updating the Committee on the progress that had been made on Information Governance work completed to date in Quarter 4 of 2021/22.

It was reported that during Quarter 4, the Council has continued to progress in responding to the ICO's recommendations, the report gave an update on each of the ICO's identified actions. The report detailed progress made in Quarter 4, and explained that further progress is expected during the remaining weeks.

Progress against the 'urgent' actions identified by the ICO are also shown in Appendix A.

It was explained that by the end of Quarter 4, the majority of the ICO's actions will be completed as planned. This will now allow a focus on Information Governance becoming one of the basic principles of the Corporate Core, as informed by the consensual audit from the ICO. This will also involve the regular reporting of Information Governance to future meetings of Audit Committee, including through corporate KPIs and breach recording and monitoring.

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

- Councillor Gartside referred to the big strides forward that had been made and congratulated all involved in the work carried out to date. Councillor Gartside asked whether meeting GDPR requirements was a challenge.

Lynne explained that the Council was compliant with all GDPR requirements and that the main issues were around user behaviour. Each breach is assessed and actioned and the under continuous review.

- Councillor Whitby stated that reducing the number of breaches was reassuring and confirmed that the Audit Committee would receive regular updates on the work being carried out and the progress made in relation to information governance.
- Councillor Butler referred to the data breaches and stated that it was very frustrating when they were caused by simple mistakes such as correspondence being sent to the wrong email addresses and asked whether the auto insert function on outlook could be turned off.

It was explained that this was not an option but systems were continually being reviewed. The advice was to check, check and check again before sending emails.

#### **Delegated decision:**

That the contents of the report is noted.

## **AU.5 ANNUAL GOVERNANCE STATEMENT**

Sam Evans reported that the Audit Committee have previously received a draft version of the Council's 2020/21 Annual Governance Statement (AGS) at its meeting in July prior to the annual audit. There was only one change to report which was the addition of an additional paragraph at page 60.

### **Delegated decision**

That the Audit Committee approve the final version of the Council's 2020/21 Annual Governance Statement (AGS), following the completion of the audit by the Council's external auditors.

## **AU.6 2020/2021 AUDIT - LESSONS LEARNT**

Sam Evans introduced Steve Cutler, Interim Chief Accountant and explained that Steve had been working with the finance team to look back on preparation of the 2020/2021 Statement of Accounts to provide 'lessons learnt' in preparation for 2021/2022.

It was reported that there were a significant number of issues identified during the 2020/21 external audit. Following a review of the management letter, discussion with the external auditors and internal discussions across the team; the lessons learnt can be categorised into three, these being: Quality Control, Overall Management and Resources.

Findings in relation to each of the categories were set out in the report and changes for 2021/2022 to address those findings were also reported.

A table was included at 4.1 of the report which identifies the external audit recommendations from 2020/21, the management responses at the time and an update on the actions taken in preparation for 2021/22.

Sam reported that a review of all accounting policies had been undertaken. No changes to the policies had been proposed.

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

- Councillor Gartside referred to the need for every penny to be accounted for and asked if the systems were in place to ensure that this happened.

It was explained that every transaction needs to be supported by a full trail from order, receipt and invoice.

It was also explained that petty cash was being rationalised as well as the use of purchasing cards to ensure that all controls were as tight as possible.

### **Delegated decision:**

That the Audit Committee:

1. Note the lessons learnt from the 2020/21 external audit.
2. Note the plans for completion of the Statement of Accounts 2021/22
3. Note the progress on implementing the 2020/21 external audit recommendation

## **AU.7 CORPORATE RISK REGISTER**

The committee received a report which provided an updated with regards to the risks identified and assessed on the Council's Corporate Risk Register. These risks have been considered by the Executive Team as those with the potential to disrupt the Council's strategic objectives and service delivery.

The Corporate Risk Register was first presented to Audit Committee at the November 2021 meeting. The report also provided an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

It was reported that a total of 18 risks have been identified as those of a genuine corporate nature and are summarised as follows:

- 18 risks are currently present on the Corporate Risk Register
- 15 risks are currently rated as Significant (risk score 15-25)
- 3 risks are currently rated as High (risk score 8-12).

Of these 18 risks:

- 1 has increased in score
- 4 have decreased in score
- 9 have remained static
- 2 have been newly introduced
- 2 have not been reviewed in the last reporting period

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

- Councillor Gartside referred to the Risk Management Committee that had been a Council committee previously. He explained that he had been a member of the Committee and had found it very useful. It was suggested that the Democratic Arrangements Forum be asked to consider if the Committee should be re-established.
- Councillor Rydeheard referred to the two risks that had not been reviewed and asked why this was.

Sam explained that this was a capacity issue and reported that the risks had been reviewed since the report was produced.

Members were asked to consider if the Audit Committee should carry a deep dive of any of the risks and the following risks were highlighted:

Children's Social Care Services  
Security & Resilience  
EU Exit Impacts

It was suggested that the 2022/2023 Audit Committee should be made aware of the discussion in order that they choose which risks to look into further.

**Delegated decision:**

That the contents of the report be noted.

**AU.8 AUDITOR'S ANNUAL REPORT - REPORT FROM MAZARS**

Karen Murray presented the Auditor's Annual Report for year ended March 2021.

It was explained that the report reflected the VFM style now required and was more detailed and balanced.

The Auditor's Annual Report (AAR) summarised the work Mazars had undertaken as the auditor for Bury Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Mazars responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outlined how they have discharged these responsibilities and the findings from their work.

Karen highlighted two areas:

**1. Ofsted Inspection: Children's Services**

In December 2021 Ofsted issued a report following its inspection carried out between 25 October and 5 November 2021 on the Council's Children's Social Care Services. The inspection report concluded that the overall effectiveness of the Council's services is inadequate. These matters indicate a risk of significant weaknesses in proper arrangements.

The report recommended that the Council puts in place robust arrangements to ensure the actions identified in its improvement plan are being delivered on time and are having the required impact on quality of service provided to, and the safety of, children in the Borough.

Also set out were the External Auditor's views on the actions taken to date and included work to identify improvements actions which was underway before the inspection, the preparation of an improvement plan, ensuring that robust governance arrangements are in place including an independently chaired Improvement Board and investment in the recruitment of extra staff in order to reduce caseloads and address capacity.

**2. Weaknesses in Internal Control**

The 2020/2021 Audit Completion report highlighted several issues including the poor quality of the draft accounts submitted for audit and the significant difficulties encountered during the audit process. Internal control weaknesses had also been highlighted by both Internal Audit and the Information Commissioners Office resulting

in several limited assurance internal audit reports and an ICO investigation report with 79 recommendations.

The report recommended that the Council should ensure it has arrangements in place for strengthening and maintaining the adequacy and effectiveness of the internal control framework.

Also set out in the report were the External Auditor's views on the actions taken to date and included the appointment of a new substantive Deputy Director of Finance and an experienced Chief Accountant which has strengthened the capacity within the finance team, the completion of a 'lessons learnt' exercise and a report outlining how the issues identified will be addressed and although some parts of the recommendations from the ICO report were still to be fully implemented, significant progress has been made in addressing the matters raised.

Also set out within the report were the other reporting responsibilities and a breakdown of fees for work completed as the Council's auditor.

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

- Councillor Gartside referred to the DSG and the issue with some schools holding onto reserves and asked what could be done about this.

It was explained that the Project Safety Valve had requested that school balances be brought down and all school balances would be reviewed to ensure that this happened.

Sam also reported that the Overview & Scrutiny Sub Group had taken an interest in Project Safety Valve and would be receiving regular reports and updates on this.

- Councillor Rydeheard referred to the governance weaknesses that had been highlighted and the reference to significant progress being made and asked if this work was set out within the action plan.

Sam reported that this was progress made in relation to the action plan and that the work was on track.

**Delegated decision:**

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

## **AU.9 AUDIT STRATEGY MEMORANDUM - REPORT FROM MAZARS**

Amelia Salford, Mazars presented the Audit Strategy Memorandum for year ending 31 March 2022.

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

The memorandum explained how Mazars would undertake the audit work including following up on work from the previous years' work and a breakdown of the fees for work.

The Memorandum included information on how Mazars would communicate with the Audit Committee at each stage of the audit progress.

**Delegated decision:**

3. That the contents of the External Audit Memorandum be accepted.

4. That the Audit Committee's thanks to Mazars be recorded.

**AU.10 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.11 MEMBERS FEEDBACK**

Janet Spelzini reported that there were 4 Audit Reports that were awaiting issue to the Audit Committee but that this could not be done until they had been reported at the Six Town Housing Audit Committee.

The reports would be issued as soon after this as possible.

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

**(Note: The meeting started at 7.30 pm and ended at 9.00 pm)**