

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

**Date of Meeting:**    25 July 2022

**Present:**             Councillor M Whitby (in the Chair)  
Councillors A Arif, D Berry, D Duncalfe, E FitzGerald,  
I Gartside, M Hayes, N Jones and E Moss

**Also in attendance:** Marcus Connor Information Governance Manger & Data Protection Officer  
Adrian Crook, Director, Adult Social Services and Community Commissioning.  
Sam Evans, Executive Director of Finance, S151 Officer  
Jacqui Dennis, Director of Law and Democratic Services  
Roger Frith, Strategic Asset Manager  
James Hopwood, Chief Accountant  
Crispian Logue, Head of Service (Strategic Planning and Economic Development)  
Karen Murray, Partner, Mazars  
Nicky Parker, Director of Transformation  
Janet Spelzini, Acting Head of Audit  
Jackie Veal, Head of Wellness  
Dawn Watson, Audit Manager, Mazars

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

**Apologies for Absence:** L Ridsdale There were no apologies for absence

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**AU.1       DECLARATIONS OF INTEREST**

Councillor Jones declared a personal interest in any item relating to Six Town Housing as he is a Council Member of the Six Town Housing Board and also sits on the Six Town Housing Audit Committee.

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

**It was agreed:**

That the Minutes of the last meeting held on 15 March 2022 be approved as a correct record and signed by the Chair.

**AU.3       MATTERS ARISING**

There were no matters arising.

**AU.4       INFORMATION GOVERNANCE**

Marcus Connor, Information Governance Manager & Data Protection Officer presented a report giving an update on the work that had been carried out in relation to GDPR since the last meeting of the Audit Committee.

Marcus explained that the focus of the update was the Council's progress against the 79 recommendations from the Information Commissioner's Office (ICO) visit in 2021. The report highlighted that the majority of actions will be delivered by the end of Quarter 4, 2021/22. Shortly after the last Audit Committee, the Information Commissioner's Office confirmed the date of their desk-top revisit to Bury Council, which took place 11-14 April 2022.

The ICO were positive about the progress made, with 57 recommendations completed and 22 in progress and have not stated any further plans to return to Bury.

To complement the Information Commission's revisit, Internal Audit reviewed progress against the issues it identified prior to the ICO audit in 2021. The initial recommendations from Internal Audit were very similar to those made by the ICO, therefore, their follow-up audit has similarly found the majority of actions are either complete or in progress.

This now enables the Council to focus Information Governance activity on a 'business as usual' approach, including embedding Information Governance in all Council services, ensuring training compliance levels are maintained, and learning from and reducing the number of data breaches.

A copy of the Information Commissioner's Office report is attached for information.

Members of the Audit Committee were given the opportunity to ask questions and the following points were raised:-

- Councillor Gartside referred to the use of pen drives across the Council and what work was being done around this.

Marcus reported that the use of pen drives was not common practice but the training did include this issue within it.

- Councillor Gartside asked whether there had been any data breaches that had gone outside the Council.

Marcus explained that there had been breaches that had gone outside the Council but there were processes in place to respond.

All figures relating to breaches were reported to the Executive Team for monitoring.

- Councillor Jones referred to spam emails and testing around this. He asked whether any testing had been carried out to see whether colleagues knew what to do if they received a spam email.

Marcus explained that this type of exercise hadn't been undertaken but it was something that could be carried out in the future.

- It was asked whether 20 minutes of inactivity before a laptop auto-locked was too long and whether this should be reduced to a lesser time period.

The 20 minute time period was deemed to be suitable and it was explained that it was hoped that locking the computer when not using it or away would become normal practice.

- Councillor Arif asked whether the Council had a policy in relation to data breaches.

It was explained that all of the policies relating to GDPR including data breaches were available on the Council Intranet. The policies had been reviewed in March 2022 and would be reviewed within the next 2 years.

**Delegated decision:**

1. That the excellent progress made to date be noted
2. That all involved be thanked for their hard work and effort in relation to the progress made and going forward.

**AU.5 DRAFT STATEMENT OF ACCOUNTS**

Sam Evans presented a report introducing the unaudited Statement of Accounts for the 2021/22 financial year.

The report highlights the overall financial position for the year. It was explained that whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.

The unaudited 2021/22 Statement of Accounts will be completed by 31 July 2022, in accordance with the specified timetable set out in the Accounts and Audit (Amendment) Regulations 2021. However, there will be an update between the statement of accounts presented in this report showing progress as at 15 July 2022 and the unaudited 21/22 Statement of Accounts which will be published on 31 July 2022.

A list of areas still being worked was set out in paragraph 7.1.4

It was explained that there is a requirement to obtain certification of the draft accounts by the responsible financial officer, for the Council this is the Executive Director of Finance. Certification of the audited Statement of Accounts will be required from the Executive Director of Finance and the Chair of the Audit Committee.

The accounts will be available for public scrutiny from 2 August to 13 September 2022. This will be advertised on the Council's website. The unaudited accounts will be placed on the Council's website on 29 July 2022 in line with the Government's policy of increased transparency in the public sector.

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

- Councillor Gartside referred to the grant monies being set out within the reserves column of the document and asked why it was set out there and not within each departmental revenue budgets.

It was explained that as these were ringfenced they had to be in a specific location within the statement.

- Councillor FitzGerald referred to the £10m financial buffer in the Housing Revenue Account and the fact that the year end view could change from when produced.

Sam Evans explained that there is a reserve buffer of 5 – 10%.

- Councillor Hayes made reference to the issue around the major valuation of assets and asked if there may be a danger that the external auditors don't approve the accounts.

Karen Murray from Mazars explained that this referred to the roads infrastructure valuations and was a national issue. CIPFA were carrying out a piece of work to address the issues. They had undertaken a consultation that had ended in July. Karen reported that she would keep members updated.

**Delegated decision:**

That the Draft Statement of Accounts be noted.

**AU.6 ANNUAL GOVERNANCE STATEMENT AND HEAD OF AUDIT OPINION**

Sam Evans presented a report introducing the draft 2021/22 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS were outlined in the report.

It was explained that the report had been sent to all Executive Directors for their input, the report would be reviewed, and further information would be added post audit. The report would be brought back to the Audit Committee following this.

Jacqui Dennis explained that the governance changes in relation to the new Integrated Commissioning Board were key pieces of work that were in the process of being worked on, The Cabinet received quarterly updates which were linked to the corporate plan.

**Delegated decision:**

That the contents of the Draft Annual Governance Statement (AGS) 2021/22 be noted.

**AU.7 COMPLIANCE WITH THE CIFPA FINANCIAL MANAGEMENT CODE**

It was reported that the report would be deferred to the next meeting of the Audit Committee being held on 12 October 2022.

**AU.8 RISK REGISTER**

Sam Evans, Executive Director of Finance presented a report providing an update position with regards to the risks identified and assessed on the Council's Corporate Risk Register which was appended to the report.

A total of 22 risks have been identified as those of a genuine corporate nature and are summarised as follows:

- 22 risks are currently present on the Corporate Risk Register
- 16 risks are currently rated as Significant (risk score 15-25)
- 4 risks are currently rated as High (risk score 8-12)
- 2 risks are currently rated as Moderate (risk score 4-6).

Of these 22 risks: 3 have increased in score, 6 have decreased in score, 9 have remained static, 4 have been newly introduced.

Members of the Audit Committee were asked to consider the risks within the report and choose two to carry out a 'deep-dive' on.

**Delegated decisions:**

1. That the Audit Committee notes the update provided.
2. That the following Risks be considered in more detail at the next meeting of the Audit Committee in October:

CR5 – Increasing Demand Pressures

CR11 – Asset Management (Operational Health and Safety)

**AU.9 EXTERNAL AUDIT PROGRESS REPORT**

Karen Murray, Partner at Mazars presented a report providing the Audit Committee with an update on progress in delivering their responsibilities as Bury's external auditors. It also included, at Section 2, a summary of recent national reports and publications for the Committee's information.

Karen explained that the 2020/21 audit of the financial statements had been completed and the unqualified audit opinion signed on 14 January 2022.

Mazars final audit completion letter which was issued at the conclusion of the audit updated the Audit Committee on the items listed as outstanding in the Audit Completion Report and had been presented to the Committee at the previous Audit Committee meeting. There were no new matters arising to bring to the Committee's attention.

Mazars had completed their work on the Council's value for money arrangements in March 2022. The work identified significant weaknesses in the Council's arrangements within Governance and Economy, Efficiency and Effectiveness arrangements. These related to the Ofsted inspection of children's services and internal control deficiencies identified by Internal Audit and the ICO.

Mazars included their commentary on the Council's arrangements in their Auditor's Annual Report, which was presented to the March 2022 meeting of the Audit Committee.

Initial planning work and early substantive testing in relation to the 2021/22 audit had been completed during March 22. The Audit Strategy Memorandum had been presented to the Audit Committee at its meeting in March.

It was explained that the Council draft Accounts and Annual Governance Statement would be received by Mazars at the end of July in line with the timetable agreed with officers. Fieldwork will commence on 22 August and is due to continue until mid-October 22.

Subject to the resolution of a national technical issue in respect of accounting for infrastructure assets, findings will be reported to the Audit Committee at its meeting in October 22.

**Delegated decision:**

That the contents of the report be accepted.

**AU.10 INTERNAL AUDIT ANNUAL YEAR END UPDATE 2021/2022**

Janet Spelzini presented a report summarising the results of internal audit work during 2021/22 and giving an overall opinion of the Authority's control environment as required by the Accounts and Audit Regulations 2015.

It was reported that based upon the results of audit work undertaken during the year the opinion is that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed.

**Delegated decision:**

That the contents of the report be noted.

**AU.11 INTERNAL AUDIT PLAN 2022/2023**

The Acting Head of Internal Audit presented a report setting out the context of the Internal Audit Service explaining the approach to the compilation of the 2022/23 internal audit annual plan. The annual plan was incorporated at Annex 1 to the report.

**Delegated decision:**

1. That the contents of the report be noted
2. That the annual audit plan for 2022/23 be approved.

**AU.12 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.13 INTERNAL AUDIT REPORTS ISSUED SINCE LAST AUDIT COMMITTEE**

A report of the S.151 Officer was presented setting out the Internal Audit reports that had been produced since the last meeting of the Audit Committee.

Nicky Parker, Director of Transformation and Jacqui Veal attended the meeting to update and provide assurance to Members following the internal audit review of the Leisure Centre Income.

Adrian Crook, Director of Community Commissioning attended the meeting to update and provide assurance to Members following the internal audit review of Choices for Living Well (Killelea) Petty Cash.

Crispian Logue, Head of Service (Strategic Planning and Economic Development) and Roger Frith, strategic Asset Manager attended the meeting to update and provide assurance to Members following the internal audit review of Estates Property Management.

**Delegated decision:**

That the contents of the report be noted.

**AU.14 INTERNAL AUDIT INVESTIGATIONS TO BRING TO THE COMMITTEE'S ATTENTION**

Janet Spelzini, Acting Head of Internal Audit presented a report updating members in relation to Internal Audit Special Investigations reports which have been undertaken to examine significant issues / whistleblowing allegations, raised with the S151 officer.

**Delegated decision:**

That the contents of the report be noted.

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

**(Note: The meeting started at 7.00 pm and ended at 10.00 pm)**