

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

**Date of Meeting:**    12 October 2022

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

**Also in attendance:** Sam Evans, S.151 Officer  
Karen Murray – Mazars  
Janet Spelzini, Acting Head of Internal Audit

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

**Apologies for Absence:** Councillor I Gartside and Councillor E Moss

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**AU.1       DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting.

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

**Delegated decision:**

That the Minutes of the last Meeting of the Audit Committee held on 25 July 2022 be approved as a correct record and signed by the Chair.

**AU.3       MATTERS ARISING**

Councillor FitzGerald referred to concerns that had been raised at the last meeting of the Audit Committee during an exempt item. The concerns had been in relation to leases and was agreed that the relevant AD would attend a future meeting of the Committee.

Councillor FitzGerald asked when this would be.

It was explained that the Assistant Director would be attending the December meeting of the Committee.

**AU.4       EXTERNAL AUDIT PROGRESS REPORT**

Karen Murray Director at Mazars presented the External Audit Progress Report.

It was explained that the audit work in relation to the Statement of Accounts was progressing well and the standard of papers that the Council had produced were of a better standard than were presented last year.

It was reported that even though the work was progressing well it would not be possible to meet the national completion deadline due to the issues around infrastructure accounting. It was explained that this was a national issue and was affecting all councils that had responsibility for highways and infrastructure.

Karen explained that CIPFA and LASAAC were very close to reaching an agreement on the issue but nothing could be done until legislation had been passed allowing the issue to be

overridden and it was expected that this would not be in place until the start of the new calendar year.

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

- Councillor FitzGerald referred to the updated Audit Regulations which made reference to the Audit Committee membership and the inclusion of an independent member.

It was explained that although it was recommended that Audit Committees have an independent member it wasn't a requirement. The council had advertised a number of times for an independent member but had not had any interest.

Karen explained that her opinion was that the Bury Audit Committee was an effective committee and the Councillor Members were very thorough.

- Councillor Whitby referred to the information provided by Mazars in relation to the effectiveness of the Audit Committee and asked that the Members of the Committee have a look at the information.

**Delegated decisions:**

1. That the contents of the report be noted.
2. That the finance teams be thanked for their hard work in relation to the preparation of the draft accounts and the external audit.

**AU.5 PUBLIC SECTOR AUDIT APPOINTMENTS**

Sam Evans explained that Bury Council, as with the vast majority of other Councils had opted into the 'appointing person' national auditor appointment arrangements which were established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts.

The Audit Committee and full Council approved in January 2022 to continue to be part of the national procurement exercise.

PSAA has undertaken a procurement exercise for the next period, covering audits for the 2023/24 to 2027/28 financial years. It had been announced on the 3rd of October 2022 that they have retained the services of three existing suppliers, Grant Thornton, Mazars and Ernst & Young, welcomed former supplier KPMG back to the market, and will be entering into contracts with two new suppliers, Bishop Fleming and Azets Audit Services.

It was also reported that the Council have been advised from the PSAA that the level of fees have considerably increased from the previous procurement and that an increase of fees is to be expected in the region of 150% compared to 2022/23. Actual fees are dependent on the amount of work required.

The Committee will be informed as to the proposed fees and the appointed auditors as soon as the information becomes available.

**Delegated decision:**

That the Audit Committee note the firms awarded contracts under the national procurement process and await the announcement of the appointed audit firm who will undertake the audits for Bury Metropolitan Council for the period 2023/24 to 2027/28

**AU.6 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 20 risks have been identified as those of a genuine corporate nature and are summarised as follows:

- 20 risks are currently present on the Corporate Risk Register
- 14 risks are currently rated as Significant (risk score 15-25)
- 5 risks are currently rated as High (risk score 8-12)
- 0 risks are currently rated as Moderate (risk score 4-6)
- 1 risk is currently rated as Low (risk score 1–3)

Of these 20 risks: 3 have increased in score, 4 have decreased in score, 11 have remained static, 2 have been newly introduced.

Members of the Audit Committee were asked to consider the risks within the report and choose risks to carry out a 'deep-dive' on. During the discussion, the following points were raised:

- Councillor Hayes referred to CR.20 relating to increasing energy prices and stated that this was a significant concern for the Council and residents. Councillor Hayes asked whether this should be included in a deep dive.
- Councillor FitzGerald referred to the changes in legislation relating to election law and explained that the changes may be confusing to the electorate. Councillor FitzGerald asked what work was being done to ensure that the changes were reported and explained to all concerned.

Sam Evans explained that work relating to the Elections Bill was well under way across the council.

- Councillor Whitby referred to CR.11 Building Management and asked what was being done to introduce improvements to buildings management.

It was reported that the Corporate Landlord team has been established and is a central team which is working on bringing everything together for all properties. This includes all budgets, all contracts and all certificates.

It was stated within the Corporate Risk Register that the work in this area was on target.

Karen Murray explained that a deep dive should be carried to ensure that Councillors were satisfied that the risks were being managed as set out in the Corporate Risk Register.

**Delegated decisions:**

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

CR.15 – Regeneration & Development

**AU.7 PROCUREMENT STRATEGY**

Sam Evans, Section. 151 Officer presented a report setting out the proposals for a new procurement strategy for Bury Council.

It was explained that the current strategy had expired in 2015 and required a comprehensive review to provide a more strategic approach and to bring it up to date.

Sam explained that the Procurement Strategy was the first of a suite of documents to further and improve procurement within the Council.

The Draft Procurement Strategy was appended to the report.

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

- Councillor Jones referred to the weighting in relation to developing talent - social value and asked if this would be reviewed as it was currently low.

Sam explained that this would be included within the next set of documents that the Committee would receive.

- Councillor Hayes asked if Bury based businesses would be supported within the strategy.

Sam reported that the Strategy included plans to shift more spend locally and give local suppliers and Small to Medium Enterprises the best possible opportunity to supply and provide services.

- Councillor FitzGerald asked how the Council will report to show that the strategy is working, that the benefits are being achieved and that compliance is being met.

Sam explained that there will be more centralised approach which would sit within a central procurement team rather than by many different sections.

- It was asked whether the Strategy would apply to other organisations such as Six Town Housing?

It was explained that it was currently just the Council but other organisations could be asked to adopt.

**Delegated decisions:**

1. That the contents of the report be noted.
2. That the new Bury Procurement Strategy be approved.

**AU.8 COMPLIANCE WITH THE CIPFA FINANCIAL MANAGEMENT CODE**

Sam Evans presented a report highlighting the Council's compliance with the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

It was explained that the Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

For the first time the FM Code sets out the standards of financial management for local authorities

It was explained that there are six overarching principles on which the FM code is based:-

- a. Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- b. Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- c. Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- d. Adherence to professional standards is promoted by the leadership team and is evidenced.
- e. Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- f. The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources

The code was completed as a self-assessment exercise undertaken internally and was seen as good practice as it gives the opportunity for self reflection.

The updated assessment had been carried out and was appended to the report at appendix A and set out Bury Council's current position.

It was explained that the finance team will focus on the actions identified with a number of these being undertaken on the conclusion of the Finance Restructure and transformation including:

- Completion of the finance restructure as per timetable and ensure good appointments to any vacancies
- Support development for all staff and accreditation through professional accounting bodies

Further actions to ensure compliance:

- A programme of Budget holder and Member education and training has commenced but will need to continue and be developed further.
- System enhancements are being reviewed to improve the budget monitoring abilities of budget holders alongside training.
- The development of improved financial monitoring and reporting, working with services to link this with activity and outcomes.
- The review of income and debt recovery for the authority with a clear plan of improvement and reviews.
- Work is currently under way to expand the use of benchmarking into other directorates.
- A review of reserves was undertaken as part of the 2021/22 accounts process but a further in-depth review will be undertaken over the summer of 2022/23 to understand the ability to add to the smoothing reserve that was created as part of the 2022/23 budget setting process
- Review of timeline to ensure reporting is undertaken in real time enabling Executive team and Departmental Leadership teams to respond in a timely manner

It was proposed that the self assessment would be kept as a live document and would be reported to the Audit Committee biannually.

**Delegated decision:**

That the level of compliance with the CIPFA Financial Management Code be noted.

That the issues that require further development be noted.

**AU.9 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.10 INTERNAL AUDIT PROGRESS REPORT UPDATE**

Janet Spelzini presented a report setting out the progress to date against the annual audit plan 2022/23.

It was explained that the report allowed Members to monitor the work of the Internal Audit service, raise any issues for further consideration and provided an opportunity to request further information or to suggest areas for additional or follow up work.

The conclusions drawn from the report were explained as :-

The majority of work outstanding from the 2021/22 plan has now been completed and work on 2022/23 plan is progressing. Seven reports have been issued to Members since the beginning of the financial year.

One report within the 2022/23 annual plan has been issued with a Limited assurance to date. This report will need to be considered within the Annual Governance Statement produced at the end of the financial year 2022/23.

**Delegated decision:**

That the contents of the report be noted

**AU.11 INTERNAL AUDIT REPORTS ISSUED SINCE THE LAST COMMITTEE**

Janet Spelzini presented a report setting out information in relation to final reports that had been issued since the last meeting of the Audit Committee meeting in July 2022.

**Delegated decision:**

That the contents of the report be noted.

**AU.12 INTERNAL AUDIT SPECIAL INVESTIGATIONS**

Janet Spelzini presented a report relating to special investigations which had been undertaken to examine significant issues/whistleblowing allegations that had been raised with the section. 151 Officer.

Members raised concerns in relation to the information provided and it was suggested that the relevant Executive Director be invited to attend the December Meeting of the Audit Committee.

**Delegated decisions:**

That the contents of the report be noted.

That the Executive Director be requested to attend the December meeting of the Audit Committee.

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

**(Note: The meeting started at 7.00 pm and ended at 9.00 pm)**