

Minutes of: AUDIT COMMITTEE

Date of Meeting: 31 July 2023

Present: Councillor M Whitby (in the Chair)
Councillors A Arif, D Berry, C Birchmore, I Gartside, M Hayes,
L McBriar, E Moss and M Rubinstein

Also in attendance: Sam Evans, Section 151 Officer
Jacqui Dennis, Monitoring Officer
Ruth Whittingham, Head of Legal Services
Simon Peet, Chief Accountant
Karen Murray, Mazars
Dawn Watson, Mazars
Julie Gallagher, Head of Democratic Services
Chris Horth, Unit Manager, Environment
Laura Swann, Assistant Director, Operations
Phil Cole, Head of Homelessness and Housing Option
Liz Cook, Director of Housing
Isobel Booter, Director of Education
Paul Lakin, Executive Director, Place

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

Apologies for Absence: There were no apologies for absence.

AU.1 DECLARATIONS OF INTEREST

There were no declarations of interest.

AU.2 CORPORATE RISK REGISTER

It is the responsibility of the Audit Committee to review and scrutinise risks where the impact has the potential to disrupt achievement of the Council's priorities. The Council's Section 151 Officer presented to Members an updated Risk Register. The accompanying report provides an updated position with regards to the risks identified and assessed on the Council's Corporate Risk Register.

Following a decision at the last meeting of the Audit Committee, Members asked for a further information in respect of the following areas of concern:

CR6 Climate Change

CR28 Asylum and Immigration

CR21 Project Safety Valve.

Officers from each of those service areas attended the meeting and provided an update on work undertaken to mitigate risk, in addition, accompanying reports were circulated to Members ahead of the meeting.

Member's present in considering the following points and issues were raised:

CR6 Climate Change

The Assistant Director, Operations and the Unit Manager, Environment provided members with an overview of the issues of concern in relation to this risk.

Responding to a Member's Question the Assistant Director, Operations reported that the financial climate remains difficult; the Council has established the role of Climate Action Officer and it is hoped that these roles will become self-financing and may in time generate further income.

Members discussed the Council's ability to adapt to the changing climate as well as its resilience; the Unit Manager, Environment reported that extreme weather will impact on a number of Council services; Council buildings, transport, emergency services, education and schools and in particular vulnerable residents. To address some of the issues the Council may consider retrofitting buildings and designing green spaces in urban areas to improve the environment.

In response to a question concerning community engagement, the Unit Manager reported that a Climate Action Board has been established with community and voluntary groups represented, in addition there is a subgroup with specific responsibility for communication. The Unit Manager reported that they are very much aware of the necessity to bring the "community with you" in relation to delivering on the climate agenda.

The Unit Manager reported that work is ongoing to try and stimulate the market in terms of environmental friendly solutions eg; heat pumps etc. It is hoped that by stimulating the market, uptake might increase and ultimately lead to economies of scale and reductions in price.

Responding to Members' questions regarding disposal of batteries and mining natural resources, the Unit Manager reported that it is important as a Council that we follow and where we can influence Government advice and guidance.

CR28 Asylum and Immigration

The Director of Housing and the Head of Homelessness and Housing Options provided members with an overview of the issues of concern in relation to this risk.

Members discussed the impact on Community Cohesion, local services and the voluntary sector as a result of the dispersal scheme. The Head of Homelessness and Housing Options reported that a migration operational group has been established to work collaboratively to reduce tensions. The Council with partners also collates data to assess if there is an increase in anti-social behaviour or hate crime in areas where there is a prevalence of Asylum seekers.

The Head of Homelessness and Housing Options reported concerns that central government are passing on the responsibility to Local Government for moving Asylum Seekers out of hotels and into other accommodation. This will affect over 8000 Asylum seekers nationally including 880 in Greater Manchester. In the Borough of Bury there are only 22 properties available and a very small private rented sector and the money provided is not sufficient to source the properties and provide the support.

Responding to a Member's question, The Head of Homelessness and Housing Options reported that the once voluntary dispersal scheme is now compulsory, it was hoped that this would create greater equity in the system but as rents are less expensive in northern cities this has not been the case.

The Head of Homelessness and Housing Options reported that the next 12 months will be very challenging for the services.

CR21 Project Safety Valve

The Director of Education provided members with an overview of the issues of concern in relation to this risk.

In response to a Member question in relation to the requirement to reduce demand, the Director of Education reported that the Council has now introduced robust legal timescales and established a multi -agency panel to assess review.

The Director of Education reported that Bury Council is the 5th Highest ranked Council nationally for ECHP, this is due to a number of factors, the 2014 code of practice was not adopted strategically within the organisation, greater work is required to identify and meet need at the earliest opportunity and early help needs re-investment.

Responding to a Member's question, the Director of education reported that the Council have made significant savings to try and achieved the project safety valve targets set by central government. This has however been offset with higher activity levels, the Director of Education reported that she continues to have positive conversations with the DfE with regards to the deficit.

The Director of Education reported that the national data does show an increasing trend nationally for SEND provision and some of this is as a result of the Covid pandemic. There has been a 63% increase in requests for new plans with a refusal rate of 37% in Bury, the increase can be attributed to late adoptions of the SEND reforms, both the 2017/2019 inspections, fractured parental pressure and the requirement for cultural change across the school system.

The Audit Committee agrees to:

- 1) The closure of risks from the Council's Corporate Risk Register, namely: • CR24 – Elections Act 2022
- 2) Thank officers in attendance.
- 3) Ask the Chief Executive to prepare for the next meeting of the Audit Committee due to be held on 12th October; a composite note addressing the concerns raised in respect of all 3 deep dives listed for consideration at this meeting.
- 4) Receive more detailed information in respect of the following areas of the Risk Register at the next meeting, due to be held on 12th October:
 - Financial Sustainability – Sam Evans
 - SEND – Isobel Booter
 - BGI – 3 major regeneration projects – Rob Summerfield

AU.3 MINUTES OF THE LAST MEETING

Councillor Berry asked that minutes be amended to include the following:

Councillor Berry referred to the question that he had asked in relation to the demand for SEND in Bury being high. It had been explained that there had been an increase in demand nationally partly due to social, emotional health with younger children not accessing nursery due to covid which then leads to speech and language concerns. Councillor Berry had asked for clarification on why the need at Bury was so high compared to other Local Authorities, but this had not been addressed in the Minutes.

Jeanette had explained that SEN support would ideally be in place before a request for an EHCP is received. This was not in place in Bury but work was ongoing to implement.

It was also explained that Bury and Bolton were more severely impacted by COVID 19 than other LAs.

It was agreed:

The minutes be amended to incorporate the above comments.

AU.4 MATTERS ARISING

The work programme be noted.

AU.5 DRAFT 2022/23 ACCOUNTS

The Council's Section 151 Officer presented the draft Accounts for 2022/23.

The Statement of Accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

An accompanying report was circulated to members in advance of the meeting and the Section 151 Officer reported that the report provides:

- The overarching financial position of the Council and the 2022/23 financial outturn;
- Confidence that public money with which the Council has been entrusted has been used and accounted for appropriately, and;
- Assurance of the robustness of the council's financial standing.

Members in considering the report raised the following issues:

Councillor Gartside sought clarification in relation to Covid Grant spend. The Section 151 Officer committed to provide an update in advance of the next meeting.

The Section 151 Officer confirmed that only deadlines for Capital spend is associated with the two levelling up grants.

The monies paid in respect of the Manchester airport loans was suspended during Covid.

It was agreed:

The Section 151 Officer would provide further clarification in respect of the £1.5 million Covid grant spend, ahead of the next meeting.

AU.6 COUNCIL CONSTITUTION UPDATE REPORT - DEBT WRITE OFF

The Head of Democratic Services reported that the Council's Constitution sets out how the Council operates; how decisions are made and the procedures which are followed to ensure

that these are efficient, transparent and accountable to local people. The Council has a legal duty to publish an up-to-date Constitution and review regularly.

As with any Constitution it is important that the document is reviewed and updated regularly. It was agreed that the following areas of review (under the remit of the Audit Committee) would be:

- Debt write off
- Whistleblowing Policy
- Financial regulations

Debt write off –

A refresh of the Council Write-off Policy and Procedure has been undertaken, the updated policy proposes uplifting the current authorised debt write-off thresholds that have been in place since 2004.

In considering the proposed appended policy, Members raised concerns regarding the engagement of insolvency practitioners, the Chair also raised concerns that there were actions for staff without clear deadlines for completion.

In light of the concerns raised by Members in respect of the proposal and amended policy, it was agreed:

A revised policy would be drafted, taking in to account the concerns raised. Once re-drafted this will be shared with the Chair of the Audit Committee and once agreed forwarded to Council for consideration.

AU.7 INTERNAL AUDIT ANNUAL REPORT

In the absence of the Head of Internal Audit, the Council's Section 151 Officer presented the internal audit annual report.

The report summarises the results of internal audit work during 2022/23 and, as required by the Accounts and Audit Regulations 2015, gives an overall opinion of the Authority's control environment.

The conclusions drawn from the report are:

The Council is going through a period of transformation, which includes changes to governance processes as well as revisions to staffing structures.

The internal audit programme was reduced in 2022/23, due to responding to an unprecedented amount of whistleblowing allegations during the year, and the reduced staffing level following a member of staff leaving and another securing a position in another part of finance. The work of internal audit is intended only to provide reasonable assurance on controls.

Based upon the results of audit work undertaken during the year in the opinion of the Head of Internal Audit is that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed.

Responding to a Member's question, the Monitoring Officer reported following an internal audit report a summary of recommendations and levels of compliance will

be overseen by the Council's internal Corporate Governance Board. This Board will be responsible for tracking compliance across the Council.

It was agreed:

The report be noted.

AU.8 INTERNAL AUDIT PROGRESS REPORT

This report sets out the progress to date against the annual audit plan 2023/24. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and provide an opportunity to request further information or to suggest areas for additional or follow up work.

It was agreed:

The report be noted.

AU.9 ANTI FRAUD AND CORRUPTION STRATEGY, WHISTLEBLOWING POLICY AND FRAUD AND CORRUPTION PROSECUTION POLICY

The Council's Section 151 Officer presented an overview of the Anti-Fraud and Corruption Strategy, the Whistleblowing (Confidential Reporting) Policy and the Fraud and Corruption Prosecution Policy.

Members asked that staff be made aware of the new policies and the Section 151 Officer agreed that she would organise a "staff re-launch" to highlight the changes.

It was agreed

- Members approve the Anti-Fraud and Corruption Strategy
- Members Approve the Whistleblowing (Confidential Reporting) Policy
- Members approve the Fraud and Corruption Prosecution Policy

AU.10 EXTERNAL AUDIT UPDATE

Representatives from Mazars attended the meeting to provide and update on the work they have undertaken in relation to their external audit responsibilities.

An accompanying report was circulated to Members ahead of the meeting which provided details of:

- Audit Progress 2020/21

The final remaining responsibility relates to the Authority's whole of government accounts (WGA) return. The Auditors have received the NAO group instructions and are currently waiting final confirmation that no further audits are to be sampled and the 2020/21 WGA has closed. Once we receive this confirmation, we will issue our Audit Certificate to formally close the 2020/21 audit.

- 2021/22 financial statements audit

The Auditors presented our Audit Completion Report in March 2023. A number of items were shown as outstanding.

The Auditors are currently agreeing a timetable for completing this remaining work with the Authority's finance team as follows: Outstanding areas currently outstanding are:

- Agreement of PP&E amendments
- National and GMPF pensions accounting issues
- Consolidated Accounts queries
- Resolution of queries from the technical review of the financial statement
- Audit completion including manager, key audit partner and our Engagement Quality review. We will issue a follow up letter to this Committee following the completion of the outstanding work.

2021/22 VFM

The Auditors work is in progress. The Auditors received much of the information and supporting evidence from the Council during April. However, further supporting evidence has been received in the last few weeks and we are currently reviewing this.

Members are reminded that, as we reported previously, we have identified two risks of significant weakness in respect of the:

- Council's arrangements for financial reporting; and
- Outcome of the Ofsted inspection of children's services.

The Auditors plan to complete and report our Value for Money arrangements work alongside the remaining aspects of work on the financial statements.

2022/23 audit.

The Council published its draft Accounts and annual governance statement on 31st May 2023, in line with the statutory timetable. Our planning for the audit of these financial statements is now underway.

The Auditors will agree a detailed timetable for our work following resolution of the outstanding areas of work on 2021/22.

It was agreed;

The report be noted.

AU.11 EXCLUSION OF PRESS AND PUBLIC

AU.12 INTERNAL AUDIT REPORTS

Members noted the content of the report.

AU.13 INTERNAL AUDIT SPECIAL INVESTIGATIONS

Members noted the content of the report and asked that the Executive Director, Place attend the December meeting of the Audit Committee to update members on the action plan in relation to CBRE.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7pm and ended at 9.40pm)