

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 23 September 2024

Present: Councillor E Moss (in the Chair)
Councillors A Arif, S Arif, D Berry, I Gartside, S Haroon,
M Hayes, J Hook and M Rubinstein

Also in attendance: Amelia Salford and Dawn Watson, External Auditors, Neil Kissock, Director of Finance, Simon Peet, Chief Accountant, Jacqui Dennis, Director of Legal & Democratic Services, Malcom Edis, Head of Procurement and Phil Llewellyn, Democratic Services Manager.

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

Apologies for Absence: None.

AU.19 APOLOGIES FOR ABSENCE

The Chair welcomed all present to the meeting. No apologies were received.

AU.20 DECLARATIONS OF INTEREST

No Declarations of Interest were received.

AU.21 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting held on 25th July be approved as a correct record subject to the inclusion of the following amendments:

AU.8 paragraph 4 – last two lines to read – accounts for 23/24 and prior years would have backstop dates enabling a catch up from 24/25 onwards.

AU18 – Statement of Accounts - dates referred to should be 2021/22 and 2023/24.

Under Matters Arising, it was noted that on Page 5, the questions from Cllrs Berry and McBriar needed to be carried forward as there was no officer present who could answer them until the meeting on 29th October 2024.

Page 9 – The Monitoring Officer responded to Councillor Berry's question and advised that she could provide information on the number of SARs to the Chair, but that no information was collected on the time undertaken as it would be too time- consuming, which Councillor Berry accepted.

AU.22 PROCUREMENT STRATEGY

Malcolm Edis, Head of Corporate Procurement, submitted a report, supported by a presentation, on the Revised Contract Procedure Rules (CPR's) 2024.

Amended CPR's were required to take account of the new Procurement legislation and coming into force on 24th February 2025. The legislation comprised the Procurement Act 2023 together with a set of Regulations. These replaced the current Public Contracts Regulations formulated under EU law, which had been in force since 2015 with only minor amendment to date despite the Brexit decision in 2016 and which would now be repealed.

Substantive changes related to Price and Quality Criteria, with the new Procurement Act test of MAT – Most Advantageous Tender – a mix of price, quality and social value, and price only procurement could not be permitted under any circumstances, and direct awards and variation of contracts only permissible in certain narrowly defined cases.

There had also been the opportunity to introduce a number of improvements to the CPR's to simplify them and provide greater clarity for Council staff.

Members discussed the report and presentation and the following key points were raised and clarified:

- Thresholds for Competition – competition not required for under £10k – this was not a high figure compared to comparator authorities, some of who had set a figure of under £25k. The single tender system still operated via the Chest, and use of Frameworks was favoured.
- Challenges from unsuccessful bidders – this was not an issue as there was a process in place to communicate with all bidders and to explain the process and rationale for contract awards.
- Choosing the Right Procurement Procedure – reduction from 8 to 2, Open Procedure and Competitive Flexible Procedure, but still gave scope to use a variety of models.
- Specification – this was very important, in terms of quality of materials used, and Departments needed to get the specification right.
- Direct Awards should not be used and Departments needed to effectively plan procurement.
- Social Value and Sub- Contractors – Collateral warranties were in place to help manage Social Value where sub-contractors were used, and contractors were asked to confirm what they would do to ensure social value was delivered in the Borough.

It was agreed:

That the Committee recommends to Full Council, at its meeting on 13th November 2024, approval of the revised Contract Procedure Rules 2024.

AU.23 EXTERNAL AUDITORS PROGRESS REPORT

Dawn Watson and Amelia Stafford, gave an update on the progress in delivering the responsibilities of Forvis Mazars as external auditors for the three financial years ending 31st March 2022, 2023 and 2024.

In terms of 2022, information presented by the Council in terms of RAAC was being reviewed, and whilst this would not have a material impact, it was understood that an adjustment would be reflected in the accounts, and some outstanding information was still required, and a small

number of issues previously reported were outstanding and needed to be addressed. Work on value for money arrangements was in progress and would be reported to the October Committee.

For the 2023 and 2024 audits, these were affected by the national backlog of audits, and fell under the backstop dates introduced by the Government, with 2023 due to be published by 13th December 2024, and 2024 by 28th February 2025. Where the backstop dates meant that the auditors could not complete all the necessary audit procedures a modified opinion may be necessary, otherwise known as a disclaimed opinion or a qualified opinion. This would be the case for both audits and discussions were ongoing with the Director of Finance.

The Committee discussed the report and the following points were highlighted:

- The format of the report led to printing issues, the external auditors agreed to look at this.
- Work was ongoing in terms of presentation of information and evidence relating to RAAC in Council buildings.
- A number of factors had impacted the 2022 accounts, including adjustments relating to Manchester Airport, RAAC and BDA, and the delays caused by Covid.
- The Chair highlighted the Statement of Accounts 2021/22 item to be discussed next on the agenda, and in terms of the value for money arrangements, the report flagged that Mazars were expected to report significant weaknesses in Council arrangements for financial reporting and in respect of the outcome of the Ofsted inspection of Children's Services.
- Training on value for money would be useful.
- Future meetings should be held in the Council Chamber where the acoustics were better.

It was agreed:

That the update and report be noted.

AU.24 UPDATE ON 2021-22 STATEMENT OF ACCOUNTS

Neil Kissock presented a report which provided the background to the production of the Statement of Accounts and their sign off arrangements, together with an update of two material changes that arose and had subsequently been made to the 2021/22 Statement of Accounts in relation to the Capital Financing Requirement (CFR) figure and Bury Market impairment due to Reinforced Autoclaved Concrete (RAAC) being found in the roof and subsequent closure.

The Committee were asked to consider the updated 2021/22 Statement of Accounts (Appendix 2) and subject to any further material changes, delegate authority to the Chair of the Audit Committee and the Director of Finance, to sign-off the audited 2021/22 Statement of Accounts once the external auditors had confirmed completion of the 2021/22 audit.

Simon Peet also delivered a training session on some of the key elements that made up the Statement of Accounts each year and the role of the Audit Committee.

Having already discussed many of the key points arising relating to the 21/22 accounts under the previous agenda item, Members discussed the report and the training, with the following points raised:

- Cabinet Members addressed risk management at their meetings with Directors.
- Six Town Housing was not included in the accounts.

- The accounts were complex and unfortunately this was necessary to comply with financial regulations and legislation.
- Backstop dates would be discussed at item AU26.

It was agreed:

That the Committee:

- 2.1 Note the two material changes to the 2021/22 Statement of Accounts since the accounts were last presented to Audit Committee on the 12 October 2023, as detailed in paragraphs 3.9 and 2021/22 Statement of Accounts (Appendix 2).
- 2.2 Note the updated 2021/22 Statement of Accounts (Appendix 2) and subject to any further material changes, delegate authority to the Chair of the Audit Committee and the Director of Finance, to sign-off the audited 2021/22 Statement of Accounts once the external auditors have confirmed completion of the 2021/22 audit.
- 2.3 Delegate authority to the Chair of the Audit Committee and the Director of Finance, S151 Officer, to sign the Letter of Representations upon completion of the 2021/22 audit.

AU.25 UPDATE ON 2023-2024 STATEMENT OF ACCOUNTS

It was reported that a report on the 2023/2024 Statement of Accounts would be presented to the next meeting in October, together with the Annual Governance Statement for 2023/2024.

It was agreed:

That the update be noted.

AU.26 BACKSTOP UPDATE - 2022-23 AND 2023-24 ACCOUNTS

The Committee further discussed the Backstop dates for 2022/2023 and 2023/2024, and the external auditors confirmed that the Value for Money report would be combined for 2021/22 and 2022/23.

For the 2023 and 2024 audits, these were affected by the national backlog of audits, and fell under the backstop dates introduced by the Government, with 2023 due to be published by 13th December 2024, and 2024 by 28th February 2025. The backstop dates meant that the auditors could not complete all the necessary audit procedures and a modified opinion would be necessary, otherwise known as a disclaimed opinion or a qualified opinion. Further information was expected with regard to the detailed process and timelines for issuing the opinions and discussions and updates would be provided, when available, to the Committee.

The Committee noted the external auditors comments about compliance with the backstop dates for 2022/23 by 13th December 2024, and 2023/2024 by 28th February 2025, which would mean the issuing of a modified opinion in both cases as the audits would not be completed by the scheduled dates.

It was also noted that Bury would not be alone in this regard, with a challenging national picture for external auditors and financial services teams at Councils.

It was agreed:

That the report be noted.

AU.27 EXCLUSION OF PRESS AND PUBLIC

There were no matters that required exclusion of the press and public.

COUNCILLOR E MOSS
Chair

(Note: The meeting started at 7pm and ended at 9.15pm)