

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 23 July 2025

Present: Councillor E Moss (in the Chair)
Councillors R Bernstein, D Berry, I Gartside, M Hayes, J Hook,
G McGill, M Rahimov and M Rubinstein

Also in attendance: Jacqui Dennis – Director of Law and Democratic Services
Louise Kirkman – Risk Manager
Neil Kissock, Director of Finance
Alastair Newall – Engagement Partner, Forvis Mazars
Councillor Eamonn O'Brien, Leader of the Council
Judith Smith – Senior Auditor
Janet Spelzini – Head of Fraud, Audit, Insurance and Risk
Kate Waterhouse – Executive Director, Strategy and
Transformation
Louise Wood - Auditor

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

Apologies for Absence: Ben Thomas, Independent Member
Councillor Sean Thorpe

AU.82 DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

AU.83 MINUTES OF THE LAST MEETING

It was agreed:

That the minutes of the last meeting be approved as a correct record and signed by the Chair.

AU.84 MATTERS ARISING

Councillor Moss explained that a training session would have been held directly before this meeting in relation to the accounts but as the accounts would now be considered at the next meeting of the Audit Committee the training had not been required. Councillor Moss reported that the training would now be held at 6pm prior to the next meeting of the Audit Committee on 20 October 2025.

AU.85 COUNCIL IMPROVEMENT PLAN

The Leader of the Council Councillor Eamonn O'Brien presented a report setting out the Progress Update from the Council to the Statutory Recommendation received from the External Auditor under schedule 7 of the Local Audit and Accountability Act 2014.

It was explained that the report provides the second update on activity and delivery against this action plan with the previous update being brought in April 2025 and highlights the improvement work that has been carried out by the Assurance Boards. In addition to

the work carried out by the Boards there have been Council wide briefings, Senior Management sessions and Strategic Leadership Team engagement with the improvement work and compliance sprints.

The progress made in the Improvement Action Plan was set out and it was explained that there continues to be progress made within the expected target date.

The plan was split into the following areas:

- Financial Resilience – All actions on track or complete. The Finance Board overseeing key milestones around zero based budget workstream and development of the 26/27 budget proposals on track.
- Finance Capacity and Transformation - All actions are complete or on track apart from recruitment to phase 1 as per the last report. There was a slight delay following the conclusion of the consultation process whilst a recruitment partner was procured to support the first round of recruitment and increase the likelihood of a successful recruitment process in a very challenging labour market.
- Governance and Compliance including Estate Management and Leadership and Governance Arrangements -
- The work to review long leases has now been completed. An exercise was undertaken by Land and Property in which they reviewed a sample of leases, they considered the demise, term, commencement date, rent reviews, repairing obligations (including an extract of the clause) and insurance obligations. The work carried out by Land and Property was validated by the legal team. No issues were found from this assurance work. All of the new six assurance boards have been set up and meet on a monthly basis, each assurance Board provides a highlight report of their activity which is reviewed by the Executive Leadership Team. The establishment of the Corporate Landlord team is overdue however staff consultation has commenced and will end on 18th August 2025.

Councillor O'Brien explained that the work had established better processes and challenged the way in which work was carried out and identified where change to working cultures was required.

The assurance framework which supports the six Assurance Boards has been developed further and finalised with a detailed Improvement Work Plan accompanied by quarterly milestones which are tracked through each Board's Highlight Report.

The assurance framework details roles and responsibilities of Chairs, Deputies and Leads of the Board. It determines attendance and sets out meeting expectations. Improvement activity is on going across all Boards.

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

- Councillor Gartside referred to the delay in recruiting finance posts and using agencies to assist with this and asked whether there was a benefit to doing this?

The S.151 Officer explained that the best chance of recruitment was to use a partner to make sure that the right people were attracted to apply. 6 agencies had been seen in relation to the recruitment process.

- Councillor Bernstein referred to 90% of appraisals being completed and stated that this was encouraging and asked how this compared to the GM benchmark for appraisals.
- Councillor Bernstein also asked whether the time that was being input into the Assurance Boards by the Leader and Executive Members was sustainable?

Councillor O'Brien noted that it wasn't only political time being invested in the Boards, but also the time of chief officers. However, the positive outcomes already achieved would not have been possible without leadership and commitment from the top of the organisation.

Councillor O'Brien explained that there were already some areas that were running on their own steam following the input of the Boards. It was also explained that financial sustainability needs to be a Member priority.

The cultural changes that were being made were for the positive and when the time was right the Boards would be in a position to take a step back.

- Councillor McGill stated that he welcomed the internal improvements that had been reported but asked about external aspects such as commissioned valuations.

Councillor O'Brien explained that the external issues were out of the Council's control but that relationships could be worked on with external partners and requirements needed to be specified which may require improved contract management and requirements. The Council would have to be the best client possible when working with external providers.

- Councillor Hook referred to the Asset Management Register and asked which board had oversight of this area?

The S.151 Officer stated that the Property and Estates Board had oversight of this area.

- Councillor Hook asked about the RAAC surveys and whether these had been complete.

It was reported that the external provider had confirmed that the work was complete and they were in the process of providing the evidence. It was hoped that a positive outcome would be reached.

- Councillor Hook asked if the Audit Committee could be advised if projects were overdue or delayed and also that an explanation of the acronyms used be provided to Members.
- Councillor Bernstein stated that the Council would be fortunate to fill the outstanding posts and asked what the knock on effect of not filling would be?

The S.151 Officer explained that the posts were currently filled with interim appointments. It was hoped that the posts would be filled by the autumn but there was the option to extend if the timescale was longer.

- Councillor Moss referred to the Q1 financial performance report that was due to go to Cabinet in September. Councillor Moss was concerned that the September meeting was 6 months into the financial year but the report only contained figures up to the end of June.
Councillor Moss asked whether the Cabinet would receive early warnings prior to the report being submitted if required?

The S.151 Officer explained this was not unusual. Work was done to produce forecasts with a robust process undertaken in July. The Council recess was in August which meant that the 1st available meeting would be September.

Councillor O'Brien explained that the Executive Member with responsibility for finance and the Leader would have had discussions and conversations with officers leading up to the report being submitted to cabinet for scrutiny. It was also explained that there was always an option to convene a meeting of the appropriate people if required.

- Councillor Moss referred to there being 61 recommendations included in just four Internal Audit reports and asked whether this was excessive.

Councillor O'Brien stated that there was a historical backlog that internal Audit were working through which also brought up other issues to look at. Internal Audit had been undertaking work to support managers to understand the audit process so they would know what to expect during their audits and how to respond to recommendations so that fewer follow ups were required. It was explained that this would make the audit process more positive.

The Director of Law and Governance explained that anything that remained outstanding after the second review automatically reports to the relevant board and Member assurance group. It was also explained that the boards and assurance groups also had sight of progress and tracking.

- Councillor Berry referred to the various boards and asked how the Audit Committee would receive reports and assurances from the boards.

Councillor O'Brien explained that the boards had been established to assist the Audit Committee rather than replace the work of it. The boards were cutting through barriers and challenges and were providing Internal Audit with some weight that had also kickstarted the culture change and breaking the cycle.

It was agreed:

1. That the contents of the update noted
2. That the progress of the Boards be recognised.

AU.86 MAZARS PROGRESS REPORT

Alastair Newall, Senior Manager at Forvis Mazars the Council's external auditors presented the External Auditors Audit Progress Report year ending 31 March 2025.

Alastair reported that the final remaining responsibility in respect of the 2023/24 audit relates to the Council's whole of government accounts (WGA) return.

Forvis Mazars had submitted the National Audit Office's (NAO) assurance statement in February 2025 as required by their Group Audit Instructions. However, the NAO's instructions state they may request further work from auditors on local authorities WGA returns as they complete their work. Until the NAO confirms no further work is required, it cannot be confirmed that all of the audit work is complete. It was explained that consequently, Forvis Mazars have not yet issued the Audit Certificate concluding the 2023/24 audit. As soon as the NAO confirm no further work is required, or any work they require is complete the certificate will be issued.

The report gave an update on that latest NAO guidance and the NAO has prepared Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 with the endorsement of the Financial Reporting Council (FRC). The NAO issued its suite of LARRIGs to support auditors.

To meet the backstop requirements, Mazars issued a disclaimed audit opinion on the Council's 2023/24 statement of accounts. As part of the audit of the 2024/25 audit, Mazars will consider LARRIG 06 in determining how and when they rebuild assurance.

The LARRIG makes clear the work required to rebuild assurance following a disclaimer of opinion(s) may be significant and will vary between authorities. In part, this is because rebuilding assurance on opening balances is complicated by the different reserves and balances held, their link to income and expenditure and the application of statutory overrides.

The LARRIG emphasises the timely delivery of audited financial statements is a collective enterprise where both accounts preparers and auditors have important responsibilities. Effective governance and internal controls, allied to accurate and timely financial reporting, are essential conditions to support a return to the timely delivery of unqualified audited financial statements

Risk assessment

The guidance requires auditors to consider the facts and circumstances impacting the Council's statement of accounts and the different classes of transactions, account balances and disclosures, and to apply professional judgement in determining the appropriate level of audit work to recover assurance, taking account of the reasons why previous financial years were disclaimed. Disclaimed periods of more than one year present a greater risk of material misstatement.

The guidance places an emphasis on the risk assessment procedures auditors should undertake. This means we will conduct a comprehensive risk assessment covering:

- the Council's system of internal control for the periods subject to disclaimed audit opinions
- the areas of the accounts where there is a risk of material misstatement and the associated planned responses and
- undertake special considerations for specified matters:
 - a. property, plant and equipment,
 - b. responses to identified risks of fraudulent financial reporting in previous reporting periods subject to disclaimers of opinion, and
 - c. pensions related balances.

The assurance approach for certain classes of account balances, transactions and disclosures usually relies on assurance from the prior year audit for the opening balances, and audit procedures over in-year transactions to obtain sufficient appropriate audit evidence that year end balances are true and fair and in accordance with the applicable financial reporting

framework. This approach typically applies to reserves balances. However, this approach is not always practicable where a prior year audit has received a disclaimer of opinion.

This means that where the preceding financial year has been subject to a disclaimer of opinion, it is highly probable regaining assurances over opening balances on reserves will be a significant matter. Additional risk assessment procedures will be necessary to identify the likelihood and magnitude of risks of material misstatements in reserves balances. The risk assessment will enable the auditor to design and perform responses to identified risks. This will apply to:

- usable reserves, with specific procedures for the General Fund and HRA
- unusable reserves and
- property, plant and equipment.

Since the last Audit Committee meeting the external auditors have met with key officers to discuss the Council's progress in addressing the statutory recommendation they made in audit report issued in December 2024.

The external auditors have continued to receive updates on progress with the Council's improvement plan and will continue to liaise over the coming months.

The Code of Audit Practice was updated in 2024 and revises the timetable for completing our work on the Council's value for money arrangements. From 2024-25, we are required to issue our draft Auditor's Annual Report by 30 November each year.

This will conclude on whether there are any significant weaknesses in the Council's arrangements based on work completed to date. Should we identify any further significant weaknesses between issuing our draft Auditor's Annual Report and concluding our audit of the Council's financial statements, we are able to reissue our Auditor's Annual Report to report on any additional weaknesses identified.

Those present were given the opportunity to ask questions:

- Councillor Gartside referred to disclaimer of opinion and asked whether the rebuilding work would allow the council to be in a position with a system in place where disclaimers would not be required?

Alastair explained that that would be the goal but also explained that the statutory dates get earlier year on year so an efficient process would be key.

- Councillor Rubinstein referred to the terminology that was used in the report and his understanding of certain terms and asked for these to be clarified:
Unmodified – True and fair view
Disclaim – Unable to form an opinion
Qualify – Except for

Councillor Rubinstein asked if an explanation of the auditing terminology could be included within the external auditors reports.

- Councillor Rubinstein referred to the risk assessment work which was reported as commencing in November, Councillor Rubinstein asked why the wait until November and whether it was possible for the work to start sooner?

Alastair explained that the work could commence earlier but that would depend on the information available to start the work as it very complex. It was explained that the work required was similar to most local authorities.

- Councillor Hayes stated that the rebuilding assurance work would be significant and asked if this would impact on the fees?

It was explained that there would be an impact on the fees. Public Sector Audit set the fees for the External Audit work. The fee would also be driven by the amount of work required. It was explained that this would become clearer as the work progressed.

The S.151 officer explained that the cost to the council was not just the fees payable to the external auditors but also the work of council colleagues to support external audit.

- Councillor Gartside asked whether the Audit Committee could monitor the fees as the work was progressing.

The S.151 Officer stated that this would come back through the committee.

It was agreed:

1. That the contents of the report be noted
2. That Alastair be thanked for his attendance at the meeting.

AU.87 INTERNAL AUDIT ANNUAL REPORT 2024/2025

The Head of FAIR presented the Internal Audit Annual Report.

The report summarised the work undertaken by Internal Audit throughout 2024/2025 and also provided an overall opinion of the Authority's control environment.

The table at page 7 gave an overview of where the audit time has been spent throughout the year.

It was explained that there had been a couple of over-runs, with additional work than originally thought being rolled into the year from 2023/24 and additional work requests received from housing which were undertaken.

There was an over run on schools, additional time was required to complete the reviews due to extra testing being required as the schools examined resulted in a limited assurances, additionally, the audits were undertaken by two team members whilst training a new member to the team.

The number of allowable days per school has been increased for 2025/26 (primary 10 and secondary 14 days)

At the end of 2024/25 there were 17 audits still in progress which have been carried forward and will be finalised during 2025/26.

During the year, 27 audit reviews, making 165 recommendations were considered when forming the overall opinion. 67% of audit reviews had overall opinions falling in the lower quartiles, moderate and limited assurance. 48% gave limited assurance and 19% gave moderate assurance.

Of the 165 recommendations, 121 recommendations appeared in reports giving an overall limited assurance.

For reports with an overall opinion in the bottom two quartiles – 97 recommendations were made which were graded either fundamental or significant recommendations, therefore 59% of recommendations issued relate to reports with an overall opinion in the lower two quartiles.

Appendix B shows the first follow ups completed in the year and appendix C shows the second follow ups completed in the year. 23 first follow ups were completed, and of the 90 recommendations revisited, 43 (48%) were identified as either being outstanding or partially implemented. It was explained the report stated that 17 second follow ups were also completed and out of 39 recommendations followed up 17 (44%) were identified as either still being outstanding or partially implemented, this is incorrect, and the table in the appendix is accurate – the report should state that out of 39 recommendations, 26 were outstanding or partially implemented, which is 67% had not been implemented.

During the year a Governance and Assurance Board was established and all fundamental and significant recommendations outstanding after second follow up are reported to this Board. The Board reports to the Members Assurance Group, so all outstanding recommendations are scrutinised in depth, in addition to the scrutiny given by this Committee.

The remainder of the report outlines other areas where audit work has been undertaken during the year, Persona, Schools, investigations and advice. The report also refers to the PSIAS review undertaken of the Internal Audit Service.

Based upon the results of the audit work undertaken during the year, taking into account the findings reported in 27 audit reports, 23 first follow-ups and 17 second follow ups, the opinion of the Head of FAIR is that the Authority's control environment provides limited assurance that the significant risks facing the Authority are addressed.

The concerns are that some fundamental and significant recommendations have not been fully implemented during the year. However, the recommendations made had been accepted by management and are in the sight of the Governance and Assurance Board (GAB) and the Members Assurance Group (MAG).

The Governance and Assurance Board have full oversight of all fundamental and significant recommendations made by Internal Audit which have not been implemented at the time a second follow up exercise has been undertaken. This process is highlighting areas where additional support is required across the Council and the Council is taking action to ensure all Internal Audit recommendations are addressed.

Towards the end of the 2024/25 year, whilst a number of Limited Assurance reports were still being issued, the Internal Audit Team were starting to see an improvement on numbers of recommendations being addressed by the time the second follow up has been completed, thus fewer recommendations being reported as outstanding to the Governance and Assurance Board. This suggests that the work of the Governance and Assurance Board is positively contributing to the improvement of Governance across the Council.

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

- Councillor Gartside referred to the audits carried out in relation to Persona and schools and asked what lessons had been learned and how the process could be improved.

It was explained that a briefing note was being prepared for children's services which will bring the issues together and include guidance on how recommendations can be completed.

- Councillor Berry referred to the low response rates for the post audit questionnaire.

It was explained that the surveys were sent but there was no requirement for them to be completed. The audit team were looking at different ways of gathering post audit feedback to improve response rates.

- David Webster referred to the 17 audits that had been carried forward and asked whether the number of days allocated would be sufficient to carry out the work required.

It was explained that there were 9 reviews ongoing from the previous year which had been allocated 79 days and work was progressing.

It was agreed:

That the contents of the report be noted.

AU.88 CORPORATE RISK REGISTER

The Risk Manager presented a report which provided an updated position with regards to the risks identified and assessed on the Council's Corporate Risk Register.

28 risks were currently present on the Corporate Risk Register and had been identified as those that have the potential to disrupt the Council's strategic objectives and service delivery.

The report presents all relevant information and scoring of these risks, an overview being:

Of the 28 risks,

17 risks are currently rated as Significant (risk score 15-25)

10 risks are currently rated as High (risk score 8-12)

1 risk is currently rated as Moderate (risk score 4-6)

1 has increased in score

1 has decreased in score

22 have remained static

4 have been newly introduced

3 are proposed for closure

The following points were raised:

- Councillor Berry referred to CR.34 Sure Maintenance and asked whether this risk should remain on the register due to the serious key potential impacts noted.

The Risk Manager explained that all planned actions have been carried out which form the mitigating controls, but she stated that she would take the concerns raised back to the risk owner for an update on the status of the safety certificates.

- Councillor Bernstein referred to two of the new risks, CR.40 and CR.41 and stated that he was surprised that the risks had only recently been added.

It was explained that these risks were introduced as a result of the closure of CR.3 and now had clearer focus on each area.

- Mr Webster referred to the Risk Management Strategy and asked why in the 'roles and responsibilities' set out in the strategy, the Audit Committee was not included?

The Risk Manager stated that the Audit Committee should be included. The strategy would be amended to include the Audit Committee.

It was agreed:

1. That the report be noted
2. That the Committee approve the closure of CR3 – Security and Resilience, CR7 – Effect of ICB Establishment and Budget pressures.
3. That the Committee recommend that CR34 – Sure Maintenance Contract remain open
4. That the revised Risk Management Strategy be noted and approved

AU.89 INTERNAL AUDIT PROGRESS REPORT

The Head of Fraud, Audit, Insurance and Risk presented a report setting out the Audit Teams' progress against the annual plan. The report covers 1st March to 30th June 2025.

It was explained that the team have been focussing on completing reviews brought forward from 2024/25 and have also started work on the 2025/26 plan.

- Twelve reviews were ongoing
- Three reports were at the draft stage
- Four reviews had been allocated to auditors, so they could commence background work for the review.
- Nine first follow ups and four second follow up exercises have also been completed.
- Six reviews had been finalised from 2024/25 plan and,

Of the six reviews finalised, three reviews had limited assurance and three had moderate assurance.

Report subjects are listed at paragraph 2.2.1 of the report and were available for discussion in part B of the meeting.

The Governance & Assurance Board has met four times to discuss outstanding recommendations since the last progress report.

The June 2025 meeting received updates of 17 recommendations, 6 fundamental and 11 significant, which are still either partially implemented / not implemented.

Whilst there are a number of recommendations outstanding, the direction of travel of implemented recommendations is positive, and the number of total outstanding recommendations reported to the group has fallen from 27 to 17 since the last Audit Committee.

The team have continued to provide advice when requested and have actively been involved in undertaking investigations.

Since the 2025/26 plan was approved, one amendment is required, and that is to remove the review for Greater Manchester - Supporting Families following advice that an annual review is not required this financial year.

There is no requirement for the review since the funding has been effectively mainstreamed and integrated into Family Help Budgets – meaning the funding comes directly to the Council and not passported through the combined authority. We are not going to be penalised if our targets for successful families are not met.

Internal Audit were not aware of this when the plan was created for 2025/26 when the provision for the review was made.

Those present were invited to ask questions and the following points were raised:

- Councillor Moss referred to the schools reports and the 23 recommendations associated with those reports and asked if there was a requirement for the recommendations to be reported to the assurance Board who would attend.

The Monitoring Officer advised that the relevant head teacher would be invited.

It was agreed:

1. That the contents of the report and the work undertaken by the Internal Audit team be noted
2. That the changes to the 2025/2026 Audit Plan as set out in the report be approved.

AU.90 EXCLUSION OF PRESS AND PUBLIC

It was agreed:

That the press and public be excluded from the meeting under Section 100 (A)(4), Schedule 12(A) of the Local Government Act 1972, for the reason that the following business involves the disclosure of exempt information as detailed against the item

AU.91 INTERNAL AUDIT REPORTS

The Head of Fraud, Audit, Insurance and Risk introduced the report which was provided for information only.

The report related to the reports highlighted in the Internal Audit Progress report which was delivered in the open session of the meeting.

Members were given the opportunity to seek clarification / challenge any parts of the report / audit reports which they have already received each month.

It was agreed

That the report be noted.

AU.92 INTERNAL AUDIT - INVESTIGATIONS

The Head of FAIR introduced the report which was provided for information only.

The report related to the status of investigations as at 30 June 2025.

Members were given the opportunity to seek clarification and challenge any parts of the report.

It was agreed

That the report be noted.

AU.93 COUNTER FRAUD TEAM QUARTER 1 REPORT

The Head of FAIR presented a report providing an update on the Annual Counter Fraud Plan 2025/26 and the work undertaken by the Counter Fraud Team during the period 1st April 2025 and 30th June 2025.

It was agreed:

That the report and information received at the meeting be noted.

COUNCILLOR E MOSS
Chair

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