



Audit Committee

Date: Tuesday, 19 January 2021

Time: 10.00 am

Venue: Virtual meeting - <https://vimeo.com/496800047>

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

Advice to the Public

Members of the public can attend this committee meeting; however, we do encourage you to follow the most recent NHS guidance on Coronavirus (COVID-19) available at:

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

At this time we would request that you do not attend unless it is essential you attend this meeting. As an alternative the meeting will be live webcast, please see:

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If you have any enquiries regarding this meeting please contact us using the contact details that are provided on this agenda.

Membership of the Audit Committee

Councillors - Ahmed Ali (Chair), Clay, Lanchbury, Russell, Watson, Barker and Downs

Independent Co-opted Members – Dr S Downs and Dr D Barker

Supplementary Agenda

4. **Minutes** 5 - 10
To approve as a correct record the minutes of the meeting held on 26 November 2020.

Further Information

Access to the Council Chamber

Public access to the Council Chamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

For help, advice and information about this meeting please contact the Committee Officer:

Andrew Woods
Tel: 0161 234 3011
Email: andrew.woods@manchester.gov.uk

This supplementary agenda was issued on **Monday, 11 January 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (LLoyd Street Elevation), Manchester M60 2LA

Audit Committee

Minutes of the meeting held on 26 November 2020

This Audit Committee meeting was conducted via Zoom, in accordance with the provisions of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Councillor Ahmed Ali - In the Chair
Councillors Clay, Lanchbury and Watson

Independent Co-opted members: Dr Barker and Dr S Downs

Also Present:

Karen Murray (Mazars) - External Auditor
Alastair Newall (Mazars) - External Auditor

Apologies: Councillor Russell

AC/20/31 Minutes

Decision

To approve the minutes of the meeting held on 13 October 2020 as a correct record.

AC/20/32 Final Statement of Accounts 2019/20

The Committee considered the report of Deputy Chief Executive and City Treasurer which sought approval of the revised accounts containing amendments. The report also sought approval and acknowledgement of the letter of representation. The accounts had been updated from those reported to the July Committee and take account of any changes that have arisen since that time including the findings of external audit.

The Chief Accountant provided an update to the reports and highlighted the amendments made relating to pension liability with a reduction of £26million and the inclusion of heritage assets with a value of under £100,000. The audit work was still ongoing since the production of the report, this related to the audit of property, plant and equipment. The Committee was informed that an error had been identified within the figure used to calculate the Group Reserves and Airport Investment which equated to a figure of £3million, however the total figure for Group materiality is over £36million and no change was required to be made because it is not a material adjustment. An over valuation of council property had been identified (£12million), the Council's external valuers had engaged an external valuer to review the valuations provided by the Council's external valuer on specialised assets. The valuations made on the reviews undertaken are within the tolerance levels except for the valuation

given for the Etihad Stadium which the external Auditors valuers valued the asset £19million more than that of the Council's valuers. The Committee was advised that none of the issues raised would impact on the Council's reserves.

The Chair invited member to comment and ask questions.

A member referred to the ongoing valuations work and asked when this would be completed.

It was reported that the external auditors were in the process of completing the audit by Monday 30 November, although further information was required on the Etihad Stadium.

The Committee acknowledged and thanked the Council accounts team and the Council's external auditors for their hard work in the completion of the accounts and the external audit, under such difficult circumstances.

Decisions

1. To note the amendments made to the annual accounts since they were reported to the Audit Committee in July.
2. To approve the revised annual accounts including the accounting policies contained within them.
3. To approve and acknowledge the letter of representation in Appendix 1, which will be signed by the Deputy Chief Executive and City Treasurer.

AC/20/33 External Auditor Report on the Accounts 2091/20

The Committee considered the report of the of Council's External Auditors (Mazars), which provided detail of the audit of the Council's accounts and other issues relating to the impact of the corona virus on work being undertaken in areas such as valuation of the Council's assets which had identified material uncertainties. Work was ongoing to address outstanding matters. It was reported that the external auditors would issue an unqualified value for money conclusion for the Council, however the Committee was advised that Covid-19 would have an impact on the Council's finances and the Council's financial planning would need to take account of this.

Members referred to the Council's situation and the financial planning required for the future to meet the financial challenges expected as a result of the Covid19 pandemic. Members were assured that the Council is prepared to meet those challenges and were confident moving forward.

The Committee was advised that a copy of the Conclusion of pending matters – Audit completion report would be circulated to Committee Members.

A member referred to the valuations of housing stock and asked how the valuers worked to ensure the avoidance of double accounting. It was reported that a valuation is made of the Council housing stock annually and on to this is added the value of work undertaken through PFI.

Decision

The Committee noted the report.

AC/20/34 Adults Audit and Assurance Report

Consideration was given to a report of the Executive Director Adult Social Services that provided an update on progress in the implementation of outstanding audit recommendations across Adults Services. Over the last three years, Internal Audit have supported the ongoing process of improvement across Adults Services through the performance of audits and assurance reviews focused in areas of risk. Through the annual planning cycle a range of areas for detailed, independent assessment have been agreed and the findings and recommendations from these have informed management action and improvement planning. As a result of this work Internal Audit have issued several limited assurance opinion reports containing high priority audit recommendations. Whilst progress has been made on developing solutions a number of actions have not been fully implemented.

The Executive Director Adult Social Services attended the meeting and introduced the report and provided the Committee with an update on the work ongoing.

The Chair invited the Committee to ask questions and comment on the report.

A member welcomed the report which had provided good progress in view of the pressures on the service through the Covid19 pandemic. Reference was made to reliance on systems such as Microsoft 365 and Liquid Logic but commented that systems could have been in place before these systems were introduced to deal with management supervision and safeguarding to work with existing systems.

It was reported that work was ongoing to make IT systems reliable and managers were ensuring that reporting systems are maintained and recorded onto the systems. From an audit perspective it was noted that IT system should support existing systems and business requirements.

A member referred to the systems used by Adult Services (Liquid Logic) and Mental Health Services (Paris case management system) and asked if there had been any issues regarding the systems in view of the outstanding audit recommendations.

It was reported that there is a level of connectivity between Liquid Logic and Paris with some issues arising from these relatively new systems but work was ongoing to improve practice at ground level and ensure that performance indicators are recorded and maintained with the systems in place support the service.

A member referred to the disability supported accommodation and the progress on recommendations noting that some recommendations had been outstanding for a considerable length of time. Officers were asked if it would be appropriate to revisit those areas of service rather than extending the time being taken to address them.

It was reported that discussions were ongoing with Adult Services Senior Officers regarding the length of time being taken and whether the recommendations listed were still relevant and appropriate. It was considered that a refocus on the outstanding recommendations would be useful to ensure they remain relevant and helpful to the service. An update would be provided to the Committee at its next meeting in January 2021 to provide an update on where the improvements and changes made had become embedded and there is evidence to demonstrate that.

The Committee agreed that it was satisfied with the assurance provided on the effectiveness and management of improvement actions provided within the report it had considered. It was also noted that further updates would be helpful to focus on those outstanding recommendations within the report.

Decision

1. To note the report submitted and the comments made by the Committee.
2. To note that an update report will be submitted to the next meeting of the Committee on outstanding recommendations within areas of Adult Services.

AC/20/35 Interim Treasury Management Report

The report of the Deputy Chief Executive and City Treasurer was considered which provided the Committee with an update on Treasury Management activities of the Council during the first six months of 2020/21.

Decision

To note the report.

AC/20/36 2020/21 Annual Governance Statement (AGS) – Summary of Progress to Date

Consideration was given to the report of the Deputy Chief Executive and City Treasurer that provided a brief summary of the progress that has been made to date in implementing the governance recommendations from the 2019/20 Annual Governance Statement (AGS). It also outlines the next steps in the process of producing the Annual Governance Statement 2020/21.

A member referred to the implementation of IT systems and sought assurance from officers that the issues referred to would not delay the provision of Council services. It was noted that current circumstances had resulted in a higher dependency on IT systems and significant changes had taken place as a result of online systems which had supported residents to engage with the Council and the services it provides.

It was reported that the migration from Google to Microsoft had been a challenge which had resulted in difficulties in some areas which were being addressed. The IT team had achieved other major work schemes which have been successfully undertaken such as the Council's move out of the Sharp Project and other important initiatives. It was noted that that the Covid19 Pandemic had not helped with the provision of new systems but staff had worked to overcome many of the issues raised.

Decision

To note the report submitted and the comments received, on the progress made to date to implement the governance improvement recommendations from the 2019/20 Annual Governance Statement.

AC/20/37 Register of Significant Partnerships: Governance Improvement Progress for Partnerships with Low or Medium Strength ratings

Consideration was given to the report of the Deputy Chief Executive and City Treasurer that provided the Committee with an update on progress made to strengthen governance arrangements in the twelve partnerships where a 'Medium' Partnership Governance Strength Rating was recorded in the 2019 Register of Significant Partnerships, as requested by the committee in March 2020.

The Register is refreshed annually, and the latest 2019 version of the Register was considered by the Committee on 30 March 2020. Of the 49 partnerships on the Register, 37 (76%) were rated as having 'High' governance strength, 12 (24%) rated as 'Medium' and none rated as 'Low'.

The Chair invited the Committee to ask questions and comment on the report.

A member referred to the performance of the Northwards Housing Association and the importance of ensuring that a high level of service provision is achieved for residents. Officers were asked if lessons could be learned from the success achieved by Avro Hallows (TMO) in the procurement of its own repairs and maintenance contractor ensure that tenants receive a more cost effective and efficient service. Reference was also made to the MIF and The Factory and the focus required for cost implications by the MIF Board and in particular, the development of fixed asset cost for future events.

It was reported that Northward Housing Association is undergoing a procurement process in respect of a repairs and maintenance service and an update would be submitted to the Committee on that and other matters relating to the work of Tenant Management Organisations. The Committee was informed that work was also ongoing in the development of the MIF Board to ensure that there is confidence in the Board's ability to run such a large organisation. Work was also ongoing to look in detail at the business plan assumptions of the organisation and to ensure the right controls are in place.

A member referred to the implementation of a four-step rating system as detailed in the report and asked officers if there was a timetable for its introduction.

It was reported that the new format report would be submitted to the meeting of the Committee in March 2021 which would include further detail and explanation of the work on partnerships.

Decision

To note the report submitted and the comments received on the progress made to improve governance arrangements in the partnerships.