



Audit Committee

Date: Tuesday, 15 September 2020
Time: 10.00 am
Venue: Virtual meeting - https://manchester.public-i.tv/core/portal/webcast_interactive/485321

Everyone is welcome to attend this committee meeting.

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as Internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has ended.

Membership of the Audit Committee

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

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

Agenda

- 1. Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent.
- 2. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
- 3. Interests**
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.
- 4. Minutes** 5 - 12
To approve as a correct record the minutes of the meeting held on 28 July 2020.
- 5. Internal Audit Assurance Report - Quarter 2 - to follow**
- 6. Outstanding Audit Recommendations – ICT Licensing - to follow**
- 7. Outstanding Audit Recommendations - Quarter 2 - to follow**
- 8. Risk Management Strategy and Risk Register - to follow**
- 9. Annual Work Programme - draft** 13 - 28
- 10. Exclusion of the Public**
The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of these items. At the time this agenda is published no representations have been that this part of the meeting should be open to the public.
- 11. Annual Counter Fraud Report - to follow**

Information about the Committee

The Committee is responsible for approving the Council's statement of accounts; considering the Audit Commission's Annual Audit and Inspection Letter and monitoring the Council's response to individual issues of concern identified in it. The Committee also considers the Council's annual review of the effectiveness of its systems of internal control and assurance over the Council's corporate governance and risk management arrangements, and engages with the external auditor and external inspection agencies to ensure that there are effective relationships between external and internal audit.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to the strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public are asked to leave.

The Council welcomes the filming, recording, public broadcast and use of social media to report on the Committee's meetings by members of the public.

Agenda, reports and minutes of all Council Committees can be found on the Council's website www.manchester.gov.uk.

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

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

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This agenda was issued on **Monday, 7 September 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

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Audit Committee

Minutes of the meeting held on 28 July 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, Russell, Stanton and Watson
Independent Co-opted member: Dr S Downs

Also Present:

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

Apologies: Dr Barker, Independent Co-opted member

AC/20/12 Minutes

Decision

To approve the minutes of the meeting held on 10 March 2020 as a correct record.

AC/20/13 Audit Progress Report

The Committee considered the report of the Council's external auditors Mazars that provided an update on progress in delivering its responsibilities to the Council.

The Committee was informed that changes had been implemented since the start of the Covid19 pandemic with the introduction of remote working for both council audit staff and external audit staff. In addition the MHCLG had introduced changes to the timetable to complete the audit for 2019/20 by the end of November 2020. The audit of the draft accounts was commencing. The report also provided information on the progress of the audit and made reference to National Publications that may be of interest to the Committee relating to its governance role.

The Committee was informed on matters relating to impact of the pandemic on valuation of financial pension fund assets and uncertainty around the valuation of the Council's Property, Plant and Equipment, particularly where that valuation is based on market conditions. It was highlighted that the Council's valuer has reported that they did consider that there will be a material impact on the valuations for 2019/20. From the list of National Publications in the report the Committee was informed that a report would be submitted to a future meeting to reflect the impact of the changes resulting from the new National Audit Office Code of Practice.

It was reported that the audit of accounts would be completed before the November 2020 deadline.

The Chair invited questions from the Committee.

A member referred to the impact of Covid19 on the deadline for the audit and other areas such as the value of property, plant and equipment. The Committee was informed that Covid19 had delayed the deadline for the audit and it was anticipated that there would be an impact on future valuations.

Decisions

The Committee noted the report and comments made.

AC/20/14 Treasury Management Outturn Report 2019-20

The Committee considered the report of the Deputy Chief Executive and City Treasurer providing details of Treasury Management activities of the Council during 2019-20. The Deputy Chief Executive and City Treasurer introduced the report and provided an update regarding:

- Housing Investment Fund and the transfer to the GMCA;
- The Council's limited borrowing activities during the year;
- The Council's use of internal borrowing and holding short term cash and achieving a good rate;
- Short term borrowing in view of the current climate;
- The Council's submission as part of a consultation on the Public Works Loan Board (PWLB).

Thanks were given to the Treasury Management Team for its continued good work in view of the impact of the Covid19 pandemic.

Decision

The Committee noted the report.

AC/20/15 Annual Accounts 2019/20

The report of the Deputy Chief Executive and City Treasurer was submitted 2019/20 Annual Accounts, which have been signed by the Deputy Chief Executive and City Treasurer.

The City Treasurer introduced the report and informed the meeting that the accounts were in a relatively strong financial position with a small overspend identified, strong balance sheet and reserves. Following Covid19 and the lockdown, work had been undertaken by staff remotely to produce the accounts and their work in producing the accounts in such challenging circumstances was recognised. The group accounts had been delayed and circulated prior to the meeting.

The Committee received a presentation from the Deputy City Treasurer which provided:

- An accounts timetable which included public inspection until 10 September and audited accounts to the and the completion of the audit of the accounts by the end of November 2020.
- A Narrative Report providing details on the performance of the Council's strategic objectives.
- Net Revenue Budget 2019/20 – net revenue budget compared to outturn and key reasons for variations
- General Fund Revenue Outturn 2019/20
- Capital Outturn 2019/20 compared to budget, details of spend for key projects and summary of how capital expenditure was funded
- 2019/20 Key Variations on the budget
- Housing Revenue Account Outturn 2019/20
- Capital Outturn 2019/20
- Capital Spend and Financing 2019/20
- Effects of COVID 19 on 2019/20 Accounts
- Comprehensive Income and Expenditure Statement

The Chair invited questions from the Committee.

A member referred to the capital outturn and requested that this not be presented in presentations with the revised budget but instead with the original budget report to provide a more accurate picture of how the budget has performed. Officers were asked to explain the Council's debt position, what plan there is to use the capital reserves, and the position on loans to maturity and the interest paid per year.

The City Treasurer noted the point regarding the capital outturn and revised budget and explained that changes can take place regarding budget allocations. The point was also made that the interest rates on current loans are at a fixed rate. It was reported that the long term debt book relates to loans taken from 1991 onwards, with the majority of the debt being long term, and of this c. 90% is 10 years or more until maturity. Debt of c. £6m will mature by the end of the 2021/22 financial year and the majority of the remaining debt running until 2050 onwards. The rate of interest for individual debts is set at the market rate at the time of the loan and would have been considered the best value for money at that time.

A member referred to Notional Accounting Adjustments and asked officers to explain what this related to and the re-measurement of pensions referred to in the accounts. It was reported that Note 12 in the accounts provided an explanation of the adjustments which included such items as depreciation. The re-measurement of the pension figure is a notional adjustments and is based on actuarial assumptions including projections for life expectancy which for the first time in recent years had reduced.

A member referred to the use of the term 'vulnerable' and requested officers instead refer to 'vulnerable people' in future reports. Reference was also made to the strength of Manchester Communities in helping themselves and those part of the community that experience digital exclusion and the importance of engaging with

them.

The Committee was informed that the wording within the accounts would be examined to pick up the point raised regarding the strength of communities in relation to the work ongoing with the Our Manchester approach and digital inclusion.

A member stated that the Committee was aware and understood the difficulties in producing the annual accounts in view of the COVID 19 impact and the economic challenge to the City and the time that has taken to complete them.

A member referred to the Group Accounts and in particular the Manchester Airport Group (MAG) going concern note and the waivers in financial covenants. There was concern re the potential impact of the downturn in travel with different scenarios including a possible second peak. It was reported that MAG and the Council had carried out extensive due diligence and scenario planning and at the time of the meeting current position does not relate to the worst case scenario. As the covenants included a measure of debt to EBITDA it was inevitable the covenant would be breached but a lot of work has been carried out with the bondholders and other debtors. As with all businesses there remains a financial risk if there is a significant second spike in infections but MAG would not be alone in being severely impacted.

Decisions

1. To note the unaudited 2019/20 Annual Account, signed by the Deputy Chief Executive and City Treasurer, including the narrative report.
2. To acknowledge the work of staff involved in the production of the Annual Accounts, in particular the circumstances under which they have had to work and that they be thanked on behalf of the Committee.

AC/20/16 Internal Audit Plan 2020/21

The report of the Deputy Chief Executive and City Treasurer / Head of Audit and Risk Management was submitted. The Committee was advised that the Audit Plan had been developed to be represented with a greater level of assurance over plans to address gaps in staffing resources. It was reported the impact of Covid19 on the work of the Council had resulted in Internal Audit standing down the planned audit activity in order to minimise impact on services and personnel involved in the response. Work had then focussed on audit resource on advice and guidance for the management of urgent changes required to systems and processes and to help deliver new services required as part of the crisis response. Work postponed included actions to progress the service restructure, as management were required to focus fully on the response to the crisis. Other matters arising from the impact of Covid19 related to the procurement of PPE and the logistics of ensuring distribution and work on business rates and grants to help support businesses in Manchester. Other audit work has focused on cores services such as Adults and Children” Service and the impact on the Council’s budget position and reductions over the next year.

The Deputy Chief Executive and City Treasurer acknowledged the work of officers in

the Internal Audit and Risk Management Team and the additional time spent in supporting the Council's work in addressing the impact of Covid19. Reference was made to the Council's budget and the current process of budget scenarios and budget planning in view of the uncertainty of the future budget position.

The Chair invited questions from the Committee.

A member referred to the government's furlough scheme and asked what potential there was for fraud to be committed on support provided by the Council and how this would be identified and addressed. Reference was also made to re-instating safeguards in view of the pace of changes made at the start of Covid19 to ensure that staff are protected in particular through the use of IT systems.

It was reported that changes had been introduced to the process with additional controls put in place to identify fraud and audit officers were involved in consultation during the introduction of the support scheme. This included national reporting on patterns of fraud with monthly reporting to central government. In addition checks are made on spending decisions. Regular updates are also made to the Senior Management Team to highlight the risk of fraud across services. It was reported that safeguards are still in place and reference was made to the IT packages in place such as Microsoft 365 and additional cyber security measures.

A member referred to staffing levels and resources within the Internal Audit Team and the recruitment to the current structure to ensure audit work continues. Reference was also made to the passing of skills/knowledge to other non-audit staff regarding PPE in the event of a further outbreak to allow audit staff to focus on audit work. Officers were asked for a response on the updating the Audit Plan to ensure this and other actions would take place. Officers were also asked for an updated Risk Register to be submitted to the Committee to address risk within Children's Services and Adult Services.

It was reported the current staff resource position is a key priority and will be taken forward in consultation with Human Resources. Meetings would be taking place to examine the reallocation of responsibility to other non-audit staff in respect of PPE. Recruitment of additional audit staff would take place during the year and the Audit plan will be updated during August and submitted to the Audit Committee. It was reported that the Risk Register would be realigned to identify risks in core services (Children's Services and Adult Services).

A member referred to achieving best value and asked officers how plans will be amended in areas such as procurement, contract management and capital expenditure in view of future resource constraints for projects such as the Town Hall improvement scheme and the Waste Management Services Contract. The point was made that the financial stability of care homes is an additional risk to consider and what measures are in place.

It was reported that large contracts such as areas of health and social care is key focus and would be factored into planning, contract management and procurement. Other large schemes included the New Civic Quarter and the Northern Gateway would be included in the future planning. Assurance mapping would also be involved

in consideration of providers and the transition arrangements for exiting from the EU. With reference to care home stability it was reported that daily calls were made during the Covid19 crisis with those providers.

A member expressed concern on the inspections made on the properties provided for homeless adults and children. It was reported that assurances would be sought from the Director of Homelessness on the Council's statutory provision for the inspection of properties.

Decision

To approve the Annual Internal Audit Plan for 2020/21 subject to the comments received.

AC/20/17 Head of Audit and Risk Management Annual Assurance Opinion and Report

The Committee considered the report of the Head of Audit and Risk Management which provided the Head of Audit and Risk Management's annual assurance opinion and report on the Council's system of governance, risk management and internal control. The annual opinion of the Head of Audit and Risk Management's with a summary outturn of the work of the Internal Audit Section for the 12 months April 2019 to March 2020. Quarterly updates on progress, including assurance opinions and executive summaries of reports, have been provided to Audit Committee during the year.

The audit opinion focused on the year to March 2020 however, the events of the evident last six weeks of the year indicate that there would be likely significant implications for the UK in relation to the Coronavirus (Covid19) outbreak.

The Head of Audit and Risk Management provided a moderate assurance that the Council's governance, risk and control framework is generally sound and operated reasonably consistently in the year.

The Chair invited questions for the Committee.

Reference was made to paragraph 2.28 of the report and the Head of Risk Management was that in view of the number of limited and no assurance opinions listed on the table, what level of assurance would be given to Adult Services.

The Committee was advised that reporting on a directorate basis Adult Services could have a limited assurance on the basis of the audits carried out. It should be noted however, that the department had been open on the areas of concern identified and there had been a lot of subsequent work carried out to address these through new processes and procedures and through the resetting of the improvement plan work as the service moves forward through the past three months during the Covid outbreak.

A member referred to Adult Services and sought assurance that reports listed on the Audit Plan scheduled for the year would be completed and not lost during the year.

It was reported that officers would continue to follow up on all limited assurance opinions with work already taking place to address risk. This would be addressed in the Audit Monitoring Report.

A member referred to Executive Summaries and when members of the Committee would receive them. It was reported that the outstanding summaries would be circulated in time for the September meeting of the Committee as part of the Quarterly Assurance Update report.

A member referred to the way in which Adult Services had reacted to the Covid crisis and made the point that the process of planning by central government during this time could have been better. The reaction of the NHS and Local Authority to the crisis had been commendable and it would be difficult to reflect the individual efforts of staff within an audit opinion. It was therefore important to consider how much of a reactive service the Council should be.

It was noted that the response by the services for adult services and adult social care to the challenges of Covid19 on Manchester had been amazing. The point was made that a holistic review of services was required. It was noted that from the comments received three main themes had been picked up that areas relating to procurement, social care and homelessness will be included within the Audit Plan.

The Committee was advised that the Annual Accounts would be submitted to the October meeting of the Committee.

Decisions

1. To note the report and the comments received.
2. To note and acknowledge the work of Council Adult Care and Adult Service staff and NHS staff in responding to the challenge of Covid19 for their dedication in ensuring services continued to be maintained.

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Manchester City Council Audit Committee Workprogramme 2020/21 (Draft for Audit Committee Comment)

Month	Key Items	Owner
15 September	Internal Audit Assurance Report Q2 Outstanding Audit Recommendations – ICT Licensing Outstanding Audit Recommendations Q2 Risk Management Strategy and Risk Register Annual Counter Fraud Report (Part B)	Audit and Risk Director of ICT Audit and Risk Audit and Risk Audit and Risk
13 October	Risk Review Item Possible Cancellation of Meeting pending AC comments	Audit and Risk
November	External Audit Report Final Statement of Accounts Letters from those charged with governance to EA AGS Update Register of Significant Partnerships Update Treasury Management (Interim) Risk Review Item	External Audit Finance Audit and Risk R&I Commercial Governance Finance Audit and Risk
December	Annual Training Event	
January	Internal Audit Assurance Report Q3 Outstanding Audit Recommendations Q3 Review of Code of Corporate Governance Audit Strategy Memorandum / External Audit Plan Risk Review Item	Audit and Risk Audit and Risk R&I External Audit Audit and Risk
March	Register of Significant Partnerships Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty Annual Internal Audit Plan Risk Management Strategy and Risk Register Risk Review Item	Commercial Governance Finance Audit and Risk Audit and Risk Audit and Risk
April	Draft Annual Governance Statement (AGS) Head of Audit and Risk Management Annual Opinion	R&I Audit and Risk

	Review of Internal Audit and Quality Assurance Improvement Programme (QAIP) Annual Review of Audit Committee Terms of Reference	Audit and Risk Audit and Risk
June / July	Draft Statement of Accounts Finance Outturn Reports and Treasury Management (Final) Internal Audit Annual Report	Finance Finance Audit and Risk

To add:

EA Update reports Mazars
TM Strategy
Grants Report

Other risk areas to consider

Business continuity refresh Covid19
Adults Assurance Update

Manchester City Council Audit Committee Work Programme 2020/21 and Recommendations Monitor

Meeting Date 15 September 2020				
Internal Audit Assurance Report	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	Summary of internal audit activity and report opinions to the end of quarter two. <i>To consider and comment</i>	5
Outstanding Audit Recommendations – ICT Licensing	Chris Wanley Carol Culley	Director of ICT DCE and CT	Update on actions taken in response to Internal Audit recommendations.	5
Outstanding Audit Recommendations	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	Update on the implementation of internal and external audit recommendations for each Directorate to the end of quarter two. <i>To consider and comment</i>	5
Risk Management Strategy and Risk Register	Tom Powell Richard Thomas	Head of Audit and Risk Deputy Head of Audit and Risk Risk and Resilience Manager	Update on the Council's risk management strategy and governance arrangements. To include the corporate risk profile as articulated in the latest refresh of the corporate risk register. <i>To consider and comment</i>	2
Annual Counter Fraud Report	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	For Part B Exclusion of Press of Public – as report identifies weaknesses in internal control, approach to fraud risk detection and investigation that is likely to increase the risk of crime being committed against the Council.	5

Meeting Date November 2020				
Annual Audit Report	Karen Murray	External Audit (Mazars)	Report from the External Auditor on the overall findings and recommendations resulting from the 2019/20 annual audit plan. <i>To consider and comment</i>	3
Annual Accounts 2019/20	Carol Culley Janice Gotts Karen Gilfoy	Deputy Chief Executive and City Treasurer Deputy City Treasurer Chief Accountant	To seek Audit Committee approval for the Annual Accounts following external auditor review. Item to include confirmation of completion of: Letters / enquires for the Deputy Chief Executive and City Treasurer and Audit Committee Chair; and Letter of Representation <i>To approve</i>	3
Annual Governance Statement Update	Sean Pratt James Binks	Directorate Lead - Corporate Planning & Governance Director of PPR		2
Register of Significant Partnerships Update	Sarah Narici Janice Gotts	Head of Commercial Governance Deputy City Treasurer		2
Treasury Management (Interim)	Tim Seagrave Janice Gotts	Treasury Manager Chief Accountant		6

Meeting Date December 2020
Annual Training Event

Meeting Date January 2021				
Internal Audit Assurance Report	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	Summary of internal audit activity and report opinions to the end of quarter three. <i>To consider and comment</i>	5
Outstanding Audit Recommendations	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	Update on the implementation of internal and external audit recommendations for each Directorate to the end of quarter three. <i>To consider and comment</i>	5
Disability Supported Accommodation Services - Update Report	Bernie Enwright Karen Crier	DASS	Update report on the overdue recommendations in relation to Disability Supported Accommodation Services. As requested by Committee November 2019. Scheduled to come after planned follow up audit in 2020/21.	5
Management Oversight and Supervisions - Update Report	Paul Marshall Sean McKendrick	DCS DDCS	Update report on Management Oversight and Supervisions – Children’s Services. As requested by Committee November 2019. Scheduled to come after planned follow up audit in 2020/21.	5
Audit Strategy Memorandum / External Audit Plan	External Audit		Report of the Council’s external auditors Mazars that summarises their audit approach, significant audit risks, areas of key judgements and details of the audit team.	4
Review of Code of Corporate Governance	Sean Pratt James Binks			2

Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	1
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		

Meeting Date March 2021				
Register of Significant Partnerships	Sarah Narici Janice Gotts			2
Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty	Carol Culley Janice Gotts Karen Gilfoy	Deputy Chief Executive and City Treasurer Deputy City Treasurer Chief Accountant	To explain the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the accounts. <i>To consider and comment</i>	3
Annual Internal Audit Plan	Tom Powell Richard Thomas Kathryn Fyfe	Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards. <i>To review and approve</i>	5
Risk Management Strategy and Risk Register	Tom Powell Richard Thomas John Gill	Head of Audit and Risk Deputy Head of Audit and Risk Risk and Resilience Manager	Update on the Council's risk management strategy and governance arrangements. To include the corporate risk profile as articulated in the latest refresh of the corporate risk register. <i>To consider and comment</i>	2
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	1
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		

Meeting Date for April 2021 10am

Draft Annual Governance Statement (AGS)	James Binks Vicky Clark	Performance Manager Head of Performance, Research & Intelligence	To advise the processes followed to produce the AGS and obtain Audit Committee input to the draft statement. <i>To consider and comment</i>	2
Head of Audit and Risk Management Annual Opinion	Tom Powell	Head of Audit and Risk	Head of Internal Audit and Risk Management Annual Opinion on the Council's systems of governance, risk management and internal control as well as a summary of audit work undertaken in the year. <i>To consider and comment</i>	5
Review of Internal Audit and Quality Assurance Improvement Programme (QAIP)	Carol Culley	Deputy Chief Executive and City Treasurer	To consider organisational arrangements for the delivery of internal audit in line with legislation and Public Sector Internal Audit Standards. To include review of the Internal Audit Charter. <i>To consider and comment</i>	5
Annual Review of Audit Committee Terms of Reference	Andrew Woods	Governance Team Leader	To review the Committee terms of reference and operation of the Committee. To propose changes (where required) for consideration at Council. <i>To consider and comment</i>	1
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	1

Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		
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Date	Item	Recommendation	Response	Contact Officer
12 November 2019	AC/19/51 Internal Audit Assurance Report	<p>1. To receive a report on the all the outstanding recommendations identified by Internal Audit for Adult Services be submitted for consideration at a future meeting and that the Executive Member for Adult Health and Wellbeing and the Executive Director, Adult Social Services be in attendance.</p> <p>2. To receive an update report on the Management Oversight and Supervision – Children’s Services be submitted for consideration at a future meeting and that the Deputy Director Children’s Services and the Executive Member for Children and Schools be in attendance.</p> <p>3. That the Head of Internal Audit and Risk Management circulate information on the value of contracts referenced within the Integrated Commissioning and Procurement information.</p> <p>4. To confirm the proposed changes to the Internal Audit Plan 2019/20, subject to the comments from the Committee above.</p>	<p>Completed - ED and EM attended Committee. Recommendations tracking continues to form part of internal audit reporting to future meetings</p> <p>Scheduled January 2021 to come after follow up audit planned 2020/21.</p> <p>Completed - information shared with Committee members.</p> <p>Audit plan presented to and approved by Audit Committee July 2020</p>	<p>Executive Director, Adult Social Services</p> <p>Deputy Director Children’s Services</p> <p>Head of Internal Audit and Risk Management</p>

12 November 2019	AC/19/52 Outstanding Audit Recommendations	<p>2. That a report on the overdue recommendations in relation to the Transition to Adults be submitted for consideration at an appropriate time, and all relevant Strategic Leads and Executive Members be in attendance.</p> <p>2. That a report on the overdue recommendations in relation to Disability Supported Accommodation Services be submitted for consideration at an appropriate time, and all relevant Strategic Leads and Executive Members be in attendance.</p>	<p>Completed - report presented to Audit Committee December 2019</p> <p>Scheduled January 2021 to come after follow up audit planned 2020/21.</p>	<p>Executive Director, Adult Social Services</p> <p>Executive Director, Adult Social Services</p>
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Audit Committee Terms of Reference: as per Constitution (Agreed by Council on 2 October 2019)

Purpose

1. The main purpose of the Committee is to obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

Governance

2. Review the Council's corporate governance arrangements including consideration of the Code of Corporate Governance.
 - Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
 - Review the governance and assurance arrangements for significant partnerships or collaborations, including the Register of Significant Partnerships.
 - To consider the effectiveness of the Council's risk management arrangements including reviewing the Risk Management Strategy and Policy; and the Corporate Risk Register.
 - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption including oversight of key anti-fraud policies and monitoring of the counter-fraud strategy.
 - To make recommendations to the Chief Finance Officer and Monitoring Officer in respect of Part 5 of the Council's Constitution (Financial Regulations).

Financial Reporting

3. Review and approval of the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
 - Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts and monitor the Council's response to individual issues of concern identified.
 - Approve the Council's Statement of Accounts and associated governance and accounting policy documents in accordance with the Accounts and Audit Regulations 2015.

External Audit

4. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
 - Consider the external auditor's annual audit plan, annual audit letter, relevant reports and the report to those charged with governance.
 - Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Internal Audit

5. Oversee and provide assurance to the Council on the provision of an effective internal audit service and the main issues arising from Internal Audit work. In particular, undertake the duties of the Board as set out in Public Sector Internal Audit Standards (PSIAS) as follows:
 - Approve the Internal Audit Charter

- Review and approve the risk-based internal audit plan, including internal audit's resource requirements, including any significant changes, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- Receive confirmation from the Head of Audit and Risk Management with regard to the organisational independence of the internal audit activity and make appropriate enquiries of management and the Head of Audit and Risk Management to determine whether there are inappropriate scope or resource limitations.
- Provide free and unfettered access to the Audit Committee Chair for the Head of Audit and Risk Management, including the opportunity for a private meeting with the Committee.
- Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Audit and Risk Management. To approve and periodically review safeguards to limit such impairments.
- Receive the results of the Quality Assurance and Improvement Plan annually and the external quality assessment of internal audit that takes place at least once every five years.
- Receive communications from the Head of Audit and Risk Management on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. To include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the Committee.
- Consider the Head of Audit and Risk Management's annual opinion and report.
- Seek assurance on the adequacy of management response to internal audit advice, findings and recommendations in the form of implementation of agreed action plans.
- To monitor the implementation and outcomes of the Council's internal audit programme and where required, to review summary and individual audit reports with significant implications for financial management and internal control.

Treasury Management

6. To monitor the performance of the Treasury Management function including:
- approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
 - budget consideration and approval;
 - approval of the division of responsibilities;
 - receiving and reviewing regular monitoring reports and acting on recommendations; and
 - approving the selection of external service providers and agreeing terms of appointment.

Additional role of Audit Committee

7. To overview the Council's whistleblowing policy.

Delegation: In exercising the above powers and responsibilities, the Committee shall have delegated power to make decisions and act on behalf of the Council.

Note: The Committee may itself determine not to exercise its delegated powers and instead make recommendations to the Council.

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