



Audit Committee

Date: Tuesday, 18 October 2022

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

Everyone is welcome to attend this committee meeting.

There will be a private meeting for Members only at 9.30am in Committee Room 6 (Room 2006), 2nd Floor of Town Hall Extension. A Town Hall pass is needed to reach this room.

Access to the Council Antechamber

Public access to the Council Antechamber 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
There is no public access from the Lloyd Street entrances of the Extension.

Filming and broadcast of the meeting

Meetings of the Audit Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Membership of the Audit Committee

Councillors -

Lanchbury (Chair), Curley, Good, Russell, Simcock and Wheeler

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 - 8
To approve as a correct record the minutes of the meeting held on 27 September 2022.
- 5. Oral update on the progress towards completion of the 2021/22 Accounts**
- 6. External Audit progress (Oral Update)**
- 7. Oral Update on the Appointment of External Auditors**
- 8. Internal Audit Assurance (Q2) – TO FOLLOW**
To receive a report which summarises of audit work undertaken and opinions issued in Quarter 2 of the municipal year.
- 9. Outstanding Audit Recommendations (Q2) - To FOLLOW**
To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 2 of the municipal year, in line with Public Sector Internal Audit Standards.
- 10. Work Programme and Decisions Monitor** 9 - 14
To receive the Committee's Work Programme and Decisions Monitor.

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:

Donna Barnes
Tel: 0161 234 3037
Email: donna.barnes@manchester.gov.uk

This agenda was issued on **Monday, 10 October 2022** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA

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Audit Committee

Minutes of the meeting held on 27 September 2022

Present:

Councillor Simcock - In the Chair
Councillors Curley and Russell
Independent Co-opted member: Dr D Barker
Independent Co-opted member: Dr S Downs

Apologies:

Councillors Flanagan, Good, Lanchbury and Wheeler

Also Present:

Councillor Akbar, Executive Member for Finance and Resources
Councillor Stanton, Deputy Executive Member for Finance and Resources
Karen Murray, Mazars (External Auditor)

AC/22/30 Appointment of Chair

A recommendation was made to appoint Councillor Simcock as Chair for the meeting. This recommendation was seconded.

Decision

To appoint Councillor Simcock as Chair for the meeting.

AC/22/31 Minutes

Decision

To approve the minutes of the meeting held on 26 July 2022 as a correct record.

AC/22/32 Draft Statement of Accounts 2021/22

The Committee considered the report of the Deputy Chief Executive and City Treasurer that provided information on the process of approval for the annual accounts.

The report provided a narrative on the background to the annual accounts; the structure and presentation of the annual accounts; key issues and summary. The report further described the timeline for the completion and audit of the 2021/22 annual accounts.

The report was accompanied by a presentation that summarised the key elements of the Draft Statement of Accounts.

In response to a question from the Chair the Deputy City Treasurer stated that an overview of the Council's budget was provided as part of all new Member's induction. He further commented that in addition to this Members could contact him for any

additional advice or information at any time.

Following the explanation provided regarding the rationale for the national reporting of a valuation of the highways infrastructure, Members noted that this was an intensive process and resulted in delays in the finalisation of the annual accounts. Members recommended that The Chartered Institute of Public Finance and Accountancy should make representation to the Government for a change to the legislation in relation to this requirement. This recommendation was supported by the Executive Member for Finance and Resources.

In response to a question relating to the Housing Revenue Account and Private Finance Initiative (PFI) payments, the Deputy City Treasurer stated that this underspend was ringfenced and was primarily due to delays in the delivery of planned improvement works as a result of the pandemic. He stated that as Northwards Housing had been brought back in house a programme of repair works was being developed, with appropriate consideration being given to fire safety works, retrofitting and ensuring that homes were of a decent standard so as to contribute to the city's carbon emissions reduction ambitions. He further commented that financial modelling was ongoing to understand and plan for budgetary pressures and changes as a result of inflationary pressures.

The Deputy City Treasurer responded to a question regarding income generation by advising that a review of this activity in relation to both car parking and markets was ongoing. He further commented that a number of car parks had been identified for economic redevelopment in the context of wider Council strategies such as active travel and clean air.

The Deputy Chief Executive and City Treasurer supported the assurance in relation to the approach and arrangements established to the short-term lending to other Local Authorities given by the Deputy City Treasurer, adding that this was a prudent approach that provided value for money.

The Deputy Chief Executive and City Treasurer responded to a question raised in relation to sickness levels. She advised that comparative data could be provided following the meeting, noting that during the pandemic it is understood that sickness levels were under reported and staff continued to work from home when ill. She advised that sickness levels continued to be monitored across all Directorates and there were robust attendance management arrangements established.

In response to a question regarding reserves, the Deputy Chief Executive and City Treasurer advised that reserves were cash backed and the balance could be used internally to avoid the need for borrowing, on the understanding that the reserves were to be repaid. She stated that the use of reserves was statutory governed. The Committee were further informed that the options proposed for the use of reserves would form part of the Council's budget setting proposals that would be presented to Members for consideration.

Decision

The Committee note the unaudited 2021/22 Annual Accounts including the narrative

report, signed by the Deputy Chief Executive and City Treasurer.

The Committee recommend that the Chartered Institute of Public Finance and Accountancy make representation to the Government for a change to the legislation in relation to the requirement to report the valuation of the highways infrastructure.

AC/22/33 Review of Effectiveness of Internal Audit

The Committee considered the report of the Head of Audit and Risk Management that described that the Council conducts an annual review of the effectiveness of its internal audit function as part of its governance assurance processes. This process is designed to provide assurance to the Deputy Chief Executive and City Treasurer, and the Audit Committee over the role, function and performance of the internal audit service.

The report provided a narrative on the background and context; a description of the Audit planning and priorities; information in relation to Quality Assurance Improvement Plan and an update on resources.

In response to a question relating to the use of Microsoft Office 365, the Head of Audit and Risk Management stated that this was a useful tool and the functionality of it was being explored to ensure that it was appropriate for the internal audit service.

The Deputy Executive Member for Finance and Resources stated that the Council had invested in the Microsoft Office 365 platform. He commented that other Directorates had embraced the full functionality of this IT software with improved reporting outcomes. He acknowledged that further staff and Member training would be required to maximise the benefits of this system.

Decision

The Committee

1. Has considered the level of assurance provided by the review of effectiveness and progress on management improvement actions from the Quality Assurance Improvement Plan (QAIP) and planned actions for 2022/23.
2. Has reviewed and confirmed the Audit Committee Terms of Reference.
3. Has reviewed and approved the Internal Audit Charter.

AC/22/34 External Audit Update

The Committee considered the report of the External Auditors (Mazars) that provided an update on progress in delivering responsibilities as the Council's external auditors. The report further provided information on recent national publications that may be of interest to Members of the Committee.

Decision

To note the report.

AC/22/35 Work Programme and Recommendations Monitor

The Committee considered a report of the Governance and Scrutiny Support Unit which set out its future Work Programme for the forthcoming municipal year.

During consideration of the previous agenda items Members had requested that reports on the Risk Register and the Code of Corporate Governance is included on the Committee's Work Programme. A request for a report that discussed the management of inflationary pressures had also been requested.

Decision

To agree the Committee's Work programme, noting the above comments.

AC/22/36 Exclusion of the Public

A recommendation was made that the public be excluded during consideration of the items of business.

Decision

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons, and public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AC/22/37 Internal Audit Annual Fraud Report 2021/22 (Public Excluded)

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management that provided a summary of the anti-fraud arrangements and investigation work undertaken during 2021/22, with particular focus on the work delivered by Internal Audit.

Decision

To note the report.

**Manchester City Council
Report for Information**

Report to: Audit Committee – 18 October 2022
Subject: Work Programme and Decisions Monitor
Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

- Decisions Monitor
- Items for information
- The draft Work Programme

Recommendation

The Committee is invited to discuss the information provided and agree any changes to the work programme that are necessary.

Wards Affected: All

Contact Officers:

Name: Donna Barnes
Position: Governance Officer
Telephone: 0161 234 3037
E-mail: donna.barnes@manchester.gov.uk

Background document (available for public inspection):

None

1. Monitoring Previous Audit Committee Decisions

This section of the report contains recommendations made by the Committee and responses to them indicating whether the recommendation will be implemented, and if it will be, how this will be done.

Date	Item	Decision	Response	Contact Officer
27 September 2022	Review of Effectiveness of Internal Audit	To request that Treasury Management reports provide an explanation of how the 'Division of Responsibility' is achieved (as per the committee's Terms of Reference	To be taken forward by the Deputy Chief Executive and City Treasurer	Deputy Chief Executive and City Treasurer
27 September 2022	Work Programme and Recommendations Monitor	To schedule reports on the Corporate Risk Register and the management of ongoing inflationary pressures to the Committee's Work Programme.	Both reports have been scheduled for the January 2023 meeting of the Committee.	Deputy Chief Executive and City Treasurer

**Audit Committee
Work Programme – September 2022**

Meeting Date: 18 October 2022,10am (Agenda published: 10 October 2022)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Oral update on Progress towards the completion of the 2021/22 Accounts	To receive an oral update on the progress of completion of the Council's 2021/22 accounts	Councillor Akbar	Deputy Chief Executive and City Treasurer
External Audit Oral Update	To receive an oral update on external audit activity on finalisation of the audit of the 2020/21 accounts.		Mazars (External Auditors)
Oral update on the appointment of Auditors	To receive an oral update on the Appointment of External Auditors.	Councillor Akbar	Deputy Chief Executive and City Treasurer
Internal Audit Assurance (Q2)	To receive a report which summarises summary audit work undertaken and opinions issued Quarter 2 of the municipal year	Councillor Akbar	The Head of Audit and Risk Management
Outstanding Audit Recommendations (Q2)	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 2, in accordance with Public Sector Internal Audit Standards	Councillor Akbar	The Head of Audit and Risk Management
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 29 November 2022,10am (Agenda published: 21 November 2022)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive the report of the External Auditors (Mazars)		Mazars (External Auditors)
Letters from those charged with Governance	To note letters from the Council to the External Audit in response to standard questions to management and the Chair of the Audit Committee as part of the audit completion process	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Treasury Management Interim Update	To report the Treasury Management activities of the Council during the first six months of 2022-23	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Risk Review: Governance and Management of Complaints	To provide a summary of the Council's annual performance for 2021/22 in respect of the management of corporate and social care complaints, Councillor and MP enquiries, as well as information requests. To include directorate specific overviews of complaints management procedures and information where indicated on service change as a direct outcome of complaints. (AC/21/40) To also include reference to Annual Review learning	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Code of Corporate Governance	To receive the updated Code of Corporate Governance.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 13 December 2022

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
This meeting date is reserved for the Committee's annual training event			

Meeting Date: 17 January 2023,10am (Agenda published: 9 January 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Internal Audit Assurance (Q3)	To receive a report which summarises summary audit work undertaken and opinions issued quarter 3 of the municipal year.	Councillor Akbar	The Head of Audit and Risk Management
Outstanding Audit Recommendations (Q3)	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 3, in accordance with Public Sector Internal Audit Standards.	Councillor Akbar	The Head of Audit and Risk Management
Audit Strategy Memorandum / External Audit Plan	To receive the Audit Strategy memorandum / external audit plan.	Councillor Akbar	The Head of Audit and Risk Management
Register of Significant Partnerships (6 monthly review)	To receive the 6 monthly review on partnerships where a 'Reasonable' or 'Limited' rating was recorded.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Corporate Risk Register.	To receive the Corporate Risk Register.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Management of Inflationary Risk	To receive a report on current activity to mitigate inflationary risk	Councillor Akbar	The Deputy Chief Executive and City Treasurer

Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit
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Meeting Date: 14 March 2023,10am (Agenda published: 6 March 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Accounting concepts and policies critical accounting judgements and key sources of estimation uncertainty	To receive a report that discusses the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2022/23 annual accounts	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Annual Internal Audit Plan	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards.	Councillor Akbar	The Head of Audit and Risk Management
External Audit Update	To receive a report on the progress of the council's external audit.	Councillor Akbar	Mazars (External Auditors)
Risk Review: TBC	Standing agenda item for any items requested by the Audit Committee to support the Committee in discharging its terms of reference – scope TBC		TBC
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit