

## **Audit Committee**

### **Minutes of the meeting held on Tuesday, 13 June 2023**

**Present:** Councillor Lanchbury (Chair) – in the Chair

**Councillors:** Curley, Noor and Stogia

**Apologies:** Councillor Simcock

**Also Present:**

Councillor Akbar, Executive Member for Finance and Resources

Karen Murray, Mazars (External Auditor)

#### **AC/22/8. Minutes**

##### **Decision**

To approve the minutes of the meeting held on 14 March 2023 as a correct record.

#### **AC/22/9. Update on Progress on the Audit of the Final Accounts for 2020/21 and 2021/22 and finalising the Draft Accounts for 2022/23**

The Committee received a report of the Deputy Chief Executive and City Treasurer that updated the Committee on the progress of the audit of the council's final accounts and outlines the national and local context behind the delays.

The report provided information on:

- The national and local context for the delays to the completion of the audits for the council's final accounts;
- Describing the Manchester City Council position, noting that the Manchester position echoed the national one;
- Noting that Manchester's Annual Accounts were particularly complex due to both the range of joint ventures, the value and complexity of assets held and the requirement to consolidate Manchester Airport Group and Manchester Central into the group accounts.

The report concludes that the completion of the Audits are a statutory requirement and the issues outlined pose a real threat to the reputation of local government. The City Treasurer and the Council's S151 Officer has taken the audit of our accounts extremely seriously and expressed concern about the issues raised with an increase in focus to provide a resolution to ensure the situation is not repeated.

In receiving the report and the verbal update provided by the Deputy Chief Executive and City Treasurer, the Chair stated that the Committee recognised the significant challenge presented in delivering the final accounts.

The Committee paid tribute to all of the staff in the finance team and the external Auditors for their continued dedication and hard work. This sentiment was reiterated by the Deputy Chief Executive and City Treasurer, adding that they were a very

skilled team and she was immensely proud of them. She acknowledged the comments from the Committee regarding the complexity of the reporting requirements, adding that the issues relating to pensions would not be experienced in future reporting. She stated that this issue of highways assets was being consulted upon at a national level with a view to simplifying this requirement, adding however that it would still remain a challenge. She stated that despite this it remained important to deliver accurate and professional accounts, recognising the complexity and breadth of the Council activity.

## **Decision**

To note the report.

### **AC/22/10. Annual Internal Audit Assurance Opinion and Report 2022/23**

The Committee received a report of the Head of Audit and Risk Management that provided Members with the annual assurance opinion and report on the Council's system of governance, risk management and internal control.

The report provided information on:

- Describing the methodology used to produce the report;
- Providing a narrative as to the overall opinion;
- Describing key strengths;
- Describing risks and issues arising from the audit work;
- Information on the delivery of the audit plan;
- Audit Assurance, Risks and Issues across a range of services and activities; and
- Describing reactive and proactive activities.

In response to questions the Head of Audit and Risk Management clarified the process and follow up work undertaken by the team to ensure that returns are provided by schools to undertake school financial health checks. The Chair suggested that consideration should be given to delivering briefings on this and other relevant related activities, such as resilience in schools to Chairs of Governors at their regular briefings organised by the School Governors Team. The Head of Audit and Risk Management acknowledged this comment.

In response to a question raised regarding the audit assurance option offered for Greater Manchester strategies, the Deputy Chief Executive and City Treasurer stated that the governance arrangements of these fell within the remit of the Resources and Governance Scrutiny Committee.

Noting recent tragic events, the Committee commented upon the importance of maintenance and repairs within Housing Services, especially in regard to the issue of damp and mould. The Deputy Chief Executive and City Treasurer stated that it had been correct to self-refer to the regulator following the assurance that had been given. She informed Members that an improvement board had been established, chaired by the Chief Executive. She further added that a review of the Housing Revenue Account would be undertaken.

In response to a comment raised regarding the capacity and resources within mental health services, the Head of Audit and Risk Management stated that work was ongoing on these issues.

The Chair welcomed consideration of cyber risk and the related cyber security training mandated for all staff, adding that this training had also been extended to all Councillors. The Chair further commented on the importance of adults' payments and foster care payments, especially in the context of the current economic climate. The Head of Audit and Risk Management stated the challenges reported related to payments to providers rather than individuals and there was a commitment to address this.

Clarification was sought by a member of the Committee as to the arrangements to protect the Council against claims or legal action taken following any breaches by contractors. The Head of Audit and Risk Management stated that established protocols in relation to risk assessment across a range of activities were established, using the example of the Highways Department to illustrate the steps taken to defend the Council against any potential claims. He advised that third parties would have their own arrangements and systems.

## **Decision**

To note the report.

### **AC/22/11. Annual Internal Audit Plan 2023/24**

The Committee received a report of the Head of Audit and Risk Management.

The report provided information on:

- The context and rationale relating to the production of the Plan;
- The Audit Plan for 2023/24 setting out the areas of proposed audit coverage for the year;
- Describing that the delivery of this plan would be reported to the Senior Management Team and Audit Committee as part of regular audit reporting arrangements;
- Further describing the basis, context, timeframe and structure of the Plan; and
- Describing planned areas of Audit work.

The Chair noted and welcomed the section within the report that discussed the issues of resources to deliver the plan and recognised that the department had undergone a recent restructure.

The Chair enquired if the findings of individual audits were communicated to all relevant parties, especially in regard to any identified challenges or barriers. The Head of Audit and Risk Management commented that this issue of roles and responsibilities were considered as part of an audit, and services were encouraged and learn from each other following and audit to address shared issues and challenges.

In response to a comment raised regarding the Greater Manchester Trailblazer Devolution Deal, the Head of Audit and Risk Management stated that he would discuss this further the GMCA Audit Team regarding assurances. He advised that the points raised by a member regarding consideration of all parking, not just resident parking and road sweeping contracts would be followed up outside of the meeting.

### **Decision**

To approve the Annual Internal Audit Plan for 2023/24, noting the above comments.

### **AC/22/12. Draft Annual Governance Statement 2022/23**

The Committee received the report of the Deputy Chief Executive and City Treasurer which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control.

The report provided information on:

- The background and introduction to the report;
- The format of the Annual Governance Statement (AGS) and the process followed to produce the AGS;
- Communication of the Governance Arrangements; and
- Next steps.

The Chair commented that the committee welcomed the revised and improved format of this annual report.

### **Decision**

To note the report.

### **AC/22/13. Register of Significant Partnerships 2022**

The Committee received a report of the Deputy Chief Executive and City Treasurer that provided an overview of the Register of Significant Partnerships 2022, outlining the review and assurance process which has taken place as part of the annual review.

The report provided information on:

- Any new partnerships which have been added to the register;
- Entries recommended to be removed;
- Information relating to any partnerships where the assurance rating has increased to 'Substantial' since the last review; and
- Providing an update on those partnerships now classed as 'Reasonable' or 'Limited' strength following completion of the latest self-assessment.

Following on from a question raised by a committee member, the Chair requested that a briefing note be circulated to members of the Committee on the Manchester

Schools Alliance, with particular reference to the subscription fees and the services and training for schools that this fee contributes to.

The Deputy Chief Executive and City Treasurer responded to a comment raised by a member in relation to the arrangements for senior officers identified as Leads for several partnerships by explaining the established governance arrangements.

In response to a question asked in regard to AVRO Hollows the Head of Commercial Governance, Assurance and Initiatives stated that there was active dialogue ongoing with the Chair of the AVRO Hollows Board, that included colleagues from Strategic Housing to address identified issues and to seek and assurance that tenants are receiving quality services and that the tenancy management arrangements and standards were robust and transparent.

### **Decision**

To note the report.

[Dr Downs declared a personal and non-prejudicial interest as his partner is employed as the Deputy Director of Finance at the Greater Manchester Mental Health Trust.]

### **AC/22/14. Work Programme**

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

### **Decision**

To note the report and approve the work programme.