



Audit Committee

Date: Tuesday, 19 September 2023

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, Noor, Kilpatrick, Simcock and Stogia

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 25 July 2023.
- 5. Mazars (External Auditor) Annual Audit report 2020/2021** 13 - 40
The report of the External Auditors (Mazars) is attached.
- 6. Mazars (External Auditors) Audit Completion Letter 2020/21** 41 - 54
The Audit Completion Letter from the External Auditors (Mazars) is attached.
- 7. Mazars (External Auditors) Audit Completion report 2021/22**
The report of the External Auditors **will follow**.
- 8. Final Statement of Accounts 2021/22**
The report of the Deputy Chief Executive and City Treasurer **will follow**.
- 9. Mazars (External Auditors) Oral Update on Progress of 2022/23 Accounts**
- 10. Work Programme** 55 - 62
The report of the Governance and Scrutiny Support Unit is attached.

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.

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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, 11 September 2023** 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 25 July 2023

Present:

Councillor Lanchbury - In the Chair
Councillors Curley, Kilpatrick, Noor, and Stogia

Independent Co-opted member: Dr S Downs

Apologies: Councillor Simcock, Dr D Barker

Also Present:

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

AC/23/15 Minutes

Decision

To approve the minutes of the meeting held on 13 June 2023 as a correct record.

AC/23/16 External Audit of Accounts 2020/21

The Committee received a report of the External Auditors (Mazars)

The report provided:

- An Executive Summary
- A summary of the audit's overall status
- An overview of the audit approach
- A discussion of findings of significance
- A list of Internal Control recommendations
- A summary of misstatements; and
- Information about Value for Money arrangements

Karen Murray introduced the report and explained that essentially the report was an update to the information Mazars had previously discussed in their report to the Audit Committee in July 2022 in which reference had been made to outstanding information on the consolidation of Group Accounts as well as infrastructure arrangements.

Ms Murray highlighted the information about amendments to infrastructure that had not been made. It was confirmed that, in line with the recent statutory override, the Council's accounting policies had been changed and whilst those impact had been calculated it had been subsequently determined that the impact of those changes were immaterial to the overall infrastructure value and the decision had been made not amend. The Committee endorsed this approach.

Changes were also highlighted in respect of consolidation adjustments to the Group accounts.

Ms Murray gave emphasis to the report containing no new recommendations regarding internal control and that the management responses that were previously provided were extant. She also outlined next steps in terms of the issue of the associated audit report, completion of which was described to be imminent.

The Committee conveyed its thanks to Ms Murray and her team at Mazars as well the Council's Finance team for the work undertaken to oversee completion in a particular challenging landscape.

Decision

To note the report.

AC/23/17 Final Statement of Accounts 2020/21

The Committee received a report of the Deputy Chief Executive and City Treasurer that updated Members on the final 2020/21 accounts and associated amendments. The accounts had been updated from those reported to the 26 July 2022 Committee to take account of any changes that had arisen since that time and referred to national accounting changes to the reporting of infrastructure assets that had delayed the final audit of the accounts and had affected all Councils.

In addition to the background and introduction, the report included:

- A summary of the amended accounts including changes to the Main Accounting Statements since the July 2022 updated accounts
- An overview of unadjusted errors
- An outline of next steps

The Committee was asked to

- To note amendments to the annual accounts as detailed at Appendix 1.
- To agree the proposal not to amend the annual accounts in respect of a recalculation, on the basis that the value had been deemed immaterial.

The Deputy City Treasurer introduced the report with reference to earlier submissions to the Committee. He also outlined the timescale for progression of the finalisation of the 2021/22 Annual Accounts and the commencement of audit work on 2022/23 Annual Accounts.

The Committee conveyed its thanks to the Finance team and agreed the recommendations.

Decision

To note the report.

AC/23/18 Capital Outturn 2022/23

The Committee received a report of The Deputy Chief Executive and City Treasurer which provided confirmation of the final outturn and financing of capital expenditure for 2022/23. The committee was invited to note the information provided in the context of the report concerning the Final Statement of Accounts for 2022/23.

Decision

To note the report.

AC/23/19 Revenue Outturn 2022/23

The Committee received the report of the Deputy Chief Executive and City Treasurer which set out confirmation of the final outturn position of for the Council's revenue budget in 2022/23, which the Committee was asked to consider in the context of the Final Statement of Accounts for 2022/23.

Decision

To note the report.

AC/23/20 Treasury Management Outturn 2022/23

The Committee received a report of the Deputy Chief Executive and City Treasurer which discussed the Council's Treasury Management activities during the financial year 2022/23.

The report included information on:

- The background and context of the report
- The Council's Portfolio Position as at 31st March 2023
- A Review of Economic Conditions 2022-23
- An outline of Treasury Borrowing in 2022-23
- The Investment Strategy for 2022-23
- An overview of Temporary Borrowing and Investment for 2022-23
- The Implications of Rising Interest Rates; and,
- Concluding comments

The Deputy City Treasurer introduced the report and responded to questions about Salix funding, temporary borrowing, the implications of the cost of carry and the Council's reviewing and reporting strategy.

The impact of breaches was also discussed. The Deputy City Treasurer stressed the importance of transparency in this area and explained that these were largely attributable to unscheduled deposits or payments. He also outlined the principles on which the account was managed.

The Deputy Chief Executive and City Treasurer spoke about the importance of the report's narrative and how this aligned with reports to the Resources and

Governance Scrutiny Committee on the Council's commercial activity. She referred to the recent focus on Local Authority failures in respect of treasury management and / or joint venture activities. She referred to the Office for Local Government's recent consultation on a list of Key Performance Indicators and the role of the Audit Committee and invited comments on future areas of training, skills and information in this area. The Chair indicated that this could be a matter for consideration in the Committee's annual training event in December.

Decision

To note the report.

AC/23/21 Draft Statement of Accounts 2022/23

The Committee considered a report of the Deputy Chief Executive and City Treasurer which presented the signed 2022/23 Draft Annual Accounts. The report presented information on the structure of the accounts, highlighted key issues and provided a summary of key accounting statements. The Committee was invited to note that the presently unaudited accounts would be made available for public inspection from 1 August 2023.

In addition and to the report's introduction, the following information was also included:

- The structure of the Annual Accounts
- A discussion of key considerations for the Accounts
- An Accounts Summary with specific reference to Comprehensive Income and Expenditure Statement (CIES), the Balance Sheet, the Collection Fund and Group Accounts
- The timeline of the Annual Accounts process

The Committee listened to a presentation by the Deputy City Treasurer and the Head of Corporate Finance about the progression of the 2022/23 Accounts which discussed:

- The Accounts Timetable
- The context of National Challenges
- DHLUC proposals to clear the audit backlog
- A Summary of Local Challenges
- Improvements
- Key points of consideration in the narrative report
- General Fund Revenue Outturn 2022/23
- Key Variations from Budget 2022/23
- The Housing Revenue Account Outturn 2022/23
- Key aspects of the Capital Outturn 2022/23
- The Comprehensive Income and Expenditure Statement
- Movement in the Reserves
- The Council's Balance Sheet
- Usable Reserves

The Deputy City Treasurer responded to questions about the capital outturn, associated budget adjustments, management of borrowing, the reserves strategy and the impact of pay awards.

The Executive Member for Finance and the Deputy Chief Executive and City Treasurer expressed their thanks to the Finance team in producing the statement in a particularly challenging landscape.

Decision

To note the unaudited Annual Accounts for 2022/23 as signed by the Deputy Chief Executive and City Treasurer.

AC/23/22 Internal Audit Update – Quarter 1

The Committee received a report of The Head of Audit and Risk Management which provided an update of the progress on the agreed audit plan and detailed assurance opinions issued in the first Quarter of 2023/24.

In addition to the background and context, the report included:

- An outline of progress and delivery of the Audit Programme
- Audit assurance findings, risks and issues with specific reference to Payment Systems and Processes, Schools Financial Value Standards (SFVS) and Related Parties, Housing Services, Commercial and Contracts, and Climate Change.

The Head of Audit and Risk Management introduced the report with reference to its new format and enhanced focus on key issues arising from audit work and the incorporation of other sources of assurance. He referred to the Council's robust Overview and Scrutiny function which through established reporting arrangements provide assurance on a variety of Council functions.

In response to the new format, a member suggested added clarity could be given in respect of audit reviews and follow up activity.

In response to the report's discussion about a backlog of payments within the Council social care system (Liquid Logic) to providers, it was explained a number of payments had been actioned outside of the system to mitigate cashflow impacts on providers, where indicated. Reference was made to the associated challenge and complexity around payments outside of the establish process was also discussed. The deputy City Treasurer added that a working group had been constituted to review payment processes so that issues are identified and resolved at the earliest possible opportunity.

In respect of controls that are in place for any such transactions valued over £20,000 in the schools sector, the Head of Audit and Risk Management gave emphasis to the role of Governor oversight and challenge, to address concerns over transparency, in particular where payments to family members were found. He outlined a number of

planned actions to support schools in strengthening their governance arrangements.

With regard to the reports discussion about fire risk, the Head of Audit and Risk Management gave assurance that whilst those issues were of concern, he was satisfied that the challenge around identified compliance matters were well understood by managers and that there was a plan in place to address those concerns. He added that the key consideration for him was centred on the tracking and implementation of identified actions to address the issues around fire risk as well as the procedures that are in place to resolve and prevent a recurrence of outstanding works. The Deputy Chief Executive and City Treasurer gave assurance that the matter was considered with the highest possible regard and referred to the scope of work being undertaken by colleagues in Housing Operations to resolve a number of legacy issues since returning in-house. She referred to earlier engagement with the Regulator adding that a clear plan had been established with robust oversight from the Housing Improvement Board in terms of implementation. The Committee agreed to a further update on this matter being included in the next scheduled update (Quarter 2) planned for October 2023 with a focus on likely timescales for completion.

Discussions moved to the issue of damp and mould. The Head of Audit and Risk explained that a plan was in place to ensure that the Council remained cognisant of developing regulatory and legislative requirements as well as other requirements for Housing Services, including matters concerning procurement and contracts and that further work around contracts assurance. Further information on this would be brought to a future meeting of this committee.

The Chair asked a question about the aids and adaptations delivery model with regard to assessment, design and implementation. The Head of Audit and Risk Management confirmed that management were seeking to address the delays in service delivery performance and that a number of recommendations had been made arising from the audit.

Decision

1. To note the report.
2. To note the intention to provide a further update on Housing Services findings in the next scheduled update.

AC/23/23 Outstanding Audit Recommendations – Quarter 1

The Committee received a report of the Deputy Chief Executive and City Treasurer This report summarises the implementation position at the end of June 2023

In addition and introduction and background, the report provided a summary of overdue recommendations:

- over 12 months old,
- 6 – 12 months old; and
- 1 – 6 months old

The Head of Audit and Risk Management introduced the report with a particular focus on recommendations around monitoring and reporting of payment processes in Children's services which had been integrated into a new audit in view ongoing challenges and complexity with foster payments. He gave assurance that a clear line of sight would be implemented to demonstrate progress on historic recommendations.

Reference was also made to outstanding recommendations for Avro Hollows Tenant Management Organisation (TMO) and next steps. The Committee noted that a meeting had been scheduled the Chair of the Board, the Head of Housing Services and the Head of Audit and Risk to discuss ongoing issues in respect of repairs, governance arrangements and it's relationship with the Council. It was clarified that concerns over fire risk and damp or mould where not particular areas of concern for the TMO.

Decision

To note the report.

AC/23/24 Work Programme

The Committee considered a report of the Governance and Scrutiny Support Unit which set out its future Work Programme for the remainder of 2023/24 municipal year.

Decision

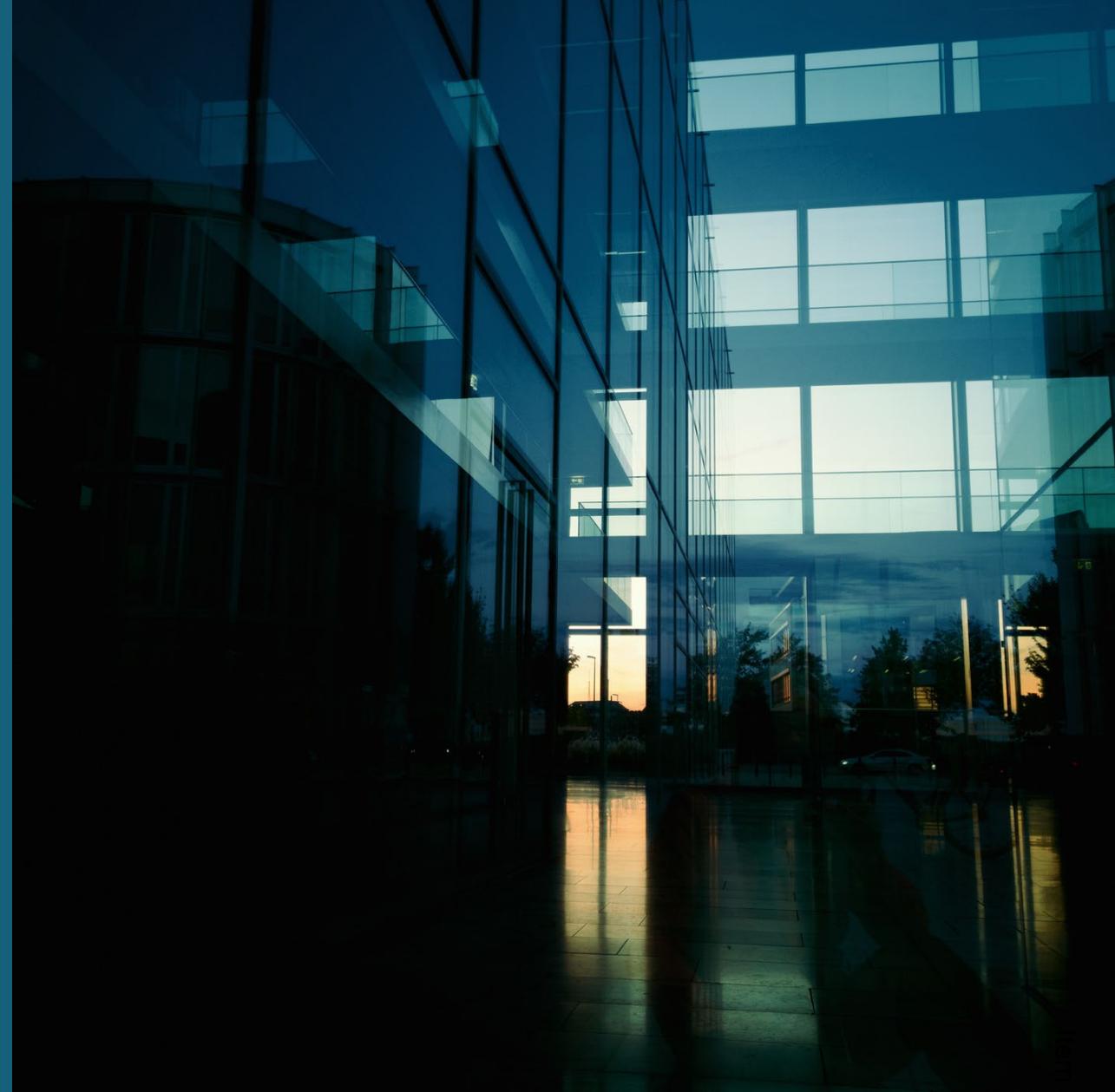
To note the report and approve the work programme.

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Auditor's Annual Report

Manchester City Council – year ended 31
March 2021

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August 2023



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[Appendix A: Further information on our audit of the financial statements](#)

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the **Council**. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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01

Section 01: Introduction

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Manchester City Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 7 August 2023. Our opinion on the financial statements was unqualified.

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Value for Money arrangements

In our audit report issued we reported we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



Wider reporting responsibilities

In line with group audit instructions issued by the NAO we were not required to carry out work on the Council's Whole of Government Accounts return. We did not exercise any of our other reporting responsibilities.

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on 7 August 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Reporting responsibility	Outcome
Annual Report	We did not identify significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

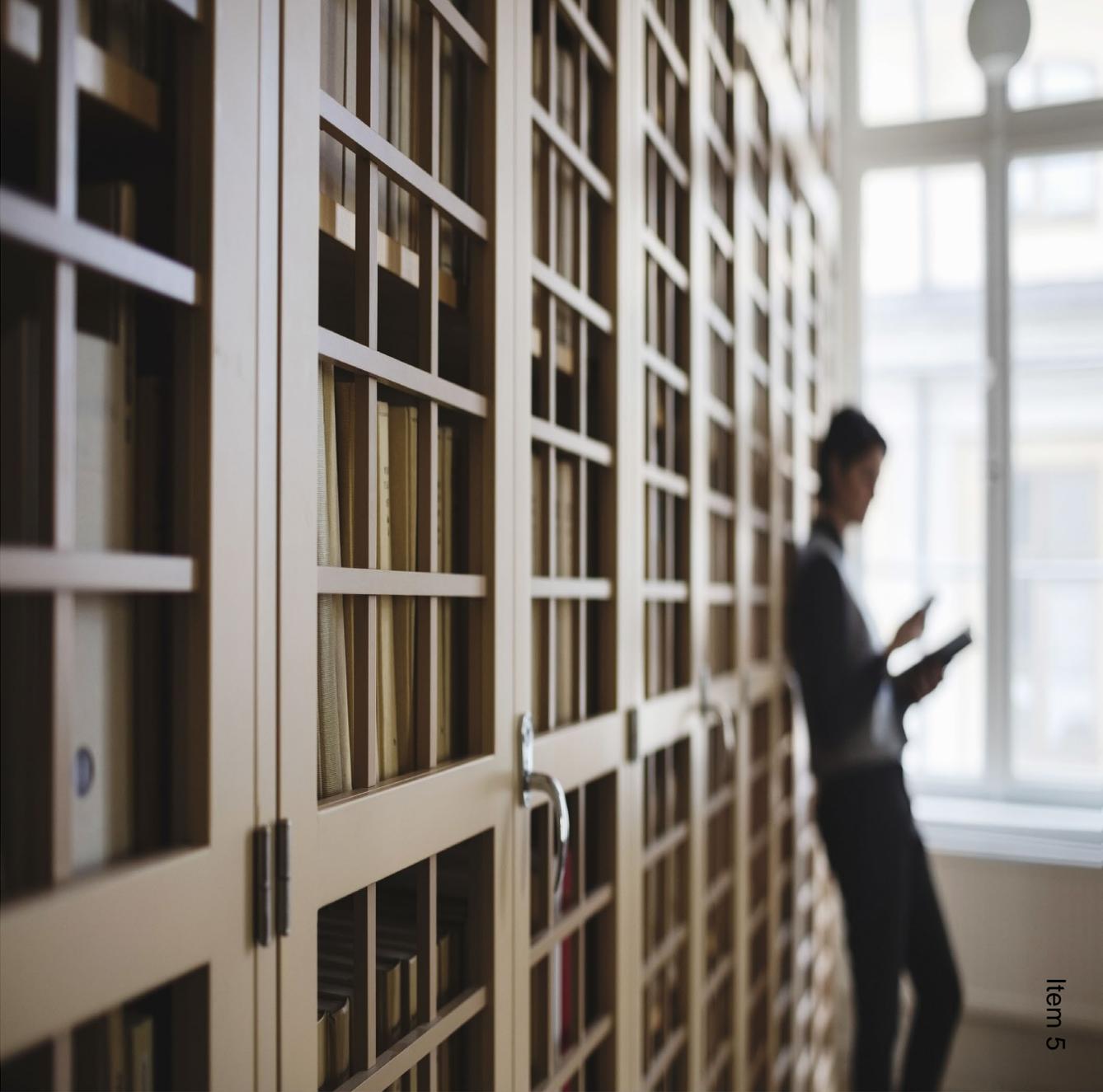
03

Section 03: **Commentary on VFM arrangements**

3. Commentary on VFM arrangements

Overall summary

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors to underpin the work we are required to carry out and sets out the reporting criteria we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services



Governance - How the Council ensures it makes informed decisions and properly manages its risks



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

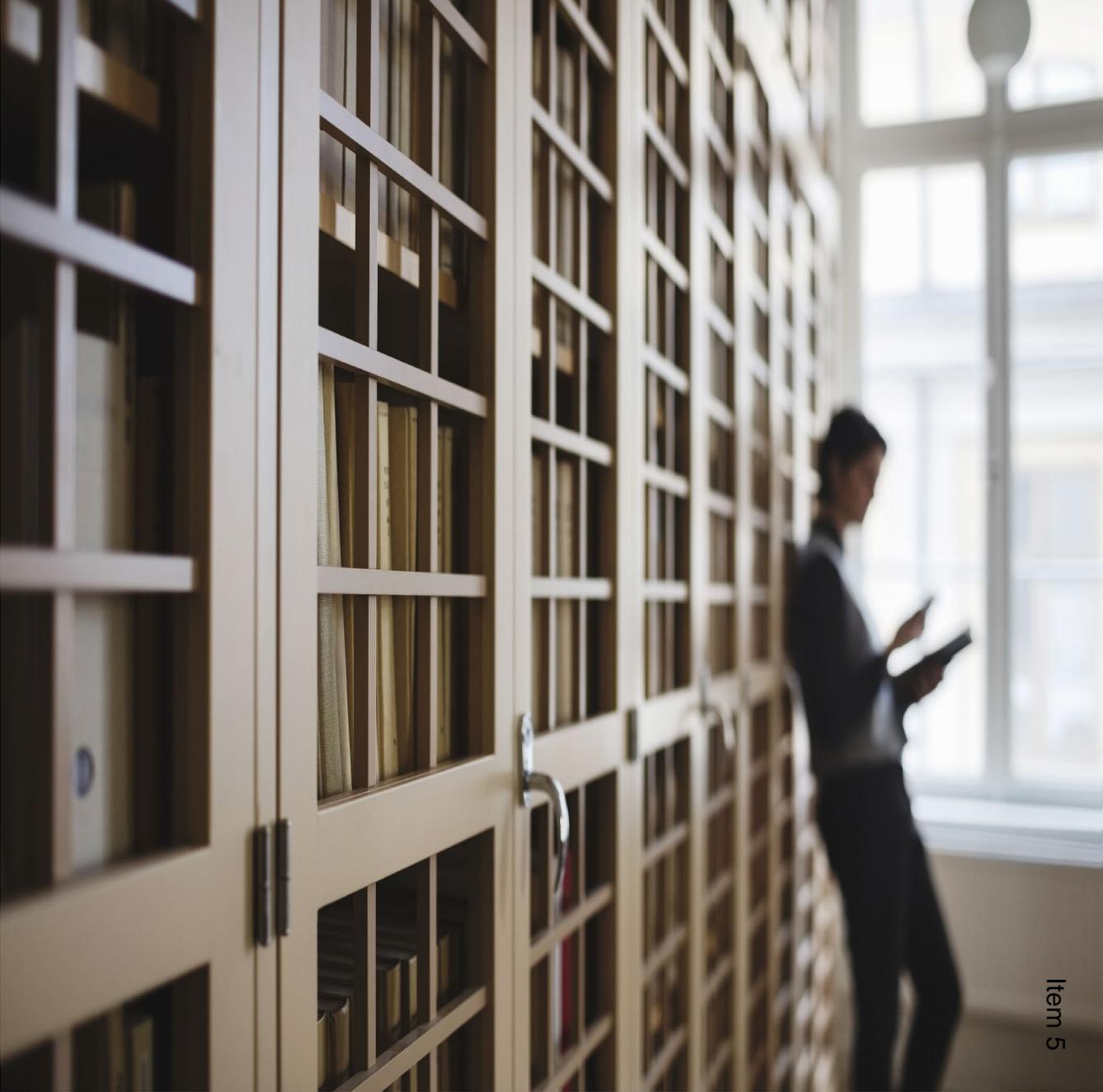
Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	12	No	No	No
 Governance	15	No	No	No
 Improving economy, efficiency and effectiveness	18	No	No	No

3. Commentary on VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to financial sustainability in 2020/21

The Council entered the 2020/21 financial year as the first national lockdown began and immediately faced a significant operational impact to respond to the range of challenges presented by the pandemic. As part of the national response to Covid-19, central government made a series of policy announcements which impacted on the Council. Consequently the Council was at the forefront of efforts to protect local residents, including the most vulnerable, and to support local businesses.

Some of the Government's initiatives to respond to the covid-19 pandemic were supported by additional funding, and so the Council received significant additional funding in 2020/21. This included general grants to support its Covid-19 response of £78.6m, and specific grants of £402.5m of which the Council had discretion over the use of £209.2m. Within the specific grants was the significant funding provided to support local business in line with the government's national initiatives. Taken together, this funding helped the Council to support residents and businesses through the year, and provided immediate funding to help mitigate some of the financial pressures caused by the pandemic. The Council's financial sustainability challenges from the Covid-19 pandemic will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

The Council's financial planning and monitoring arrangements

In March 2020, the Council set a balanced budget for the 2020/21 financial year with a total net budget for Council services of £665m. This required an increase in Council Tax of 3.99% (including 2% Adult Care precept). Throughout the year the Council regularly updated its budget forecast, enabling budgets to remain up-to-date in the fast-changing and uncertain operating environment of the pandemic. The final net budget reported for the year was £871m reflecting the significant Covid-19 funding received through the year. Within the original budget approved in March 2020, the Council had identified a savings requirement of £7.5m alongside a range of initiatives and measures to deliver these reductions.

The Council's financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities, the Council's Corporate Plan, and the impact on resources of emerging challenges and risks. Where additional resources are required these are scrutinised and challenged before they are included in the budget estimates. Engagement with directorates and members are key parts of the budgeting arrangements, and from our review of the output and discussions with

officers, these are detailed and extensive.

The Council reported its revenue outturn position for 2020/21 as an overall underspend of £3.9m. This continues the Council's strong track record of managing its budget through the year, and mitigating the risks and pressures emerging through the year. The Council provided regular reports of its financial position to Executive through the year. We have reviewed a sample of the reports presented for 2020/21. These reports were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Executive which includes reporting to directorate management teams and the strategic management team.

The Council's financial management arrangements were significantly impacted in 2020/21 by the impact of Covid-19. The Council reported the direct pressures on services and income was over £55m, and the mitigating actions it put in place through the year included delivering additional savings of £17.8m, alongside a return of some GMCA reserves. The Council is keenly aware of the continued impact of Covid-19 on its financial position, and this will require the Council to continue its strong financial management arrangements through the next few years.

The Council has a very significant capital programme, and continues to play a lead role in developing the city. In 2020/21 the final capital budget was £373m. Actual spending against the budget was £335m, reflecting that, although significant progress was made against the various projects, Covid-19 impacted on the delivery of some projects. In 2020/21, the Council as a shareholder in Manchester Airport, along with the other Greater Manchester councils provided capital support to the airport. As well as the routine capital projects the Council undertakes, there a number of large, strategically important projects underway or planned in the near future. The most significant of these are the renovation of the Town Hall (total capital budget of £305m), the Factory project, (total capital budget of £190m), and the Victoria North project (total capital budget of £75m). The size and complexity of the capital programme requires a robust and effective monitoring process to enable the financial impact of the projects to be evaluated and reported promptly to enable timely effective decision making. The capital budget monitoring and reporting mirrors the revenue budget monitoring. We reviewed a sample of these reports and this confirmed they provide timely detailed monitoring reports to key decision makers in the governance structure.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

The Council's arrangements for identifying, managing and monitoring funding gaps and savings

As part of its budget setting arrangements for 2020/21 the Council commenced its planning for its updated three year financial plan. The planning for 2020/21 recognised the importance of setting a balanced one year budget alongside demonstrating the long term financial resilience of the Council. The approach for 2020/21 reflected the one year settlement announced by the government, and recognised the uncertainty in the medium term funding. A key element of the budget setting process is identifying savings and funding gaps. The budget reporting to Executive and Council provides significant detail on the savings plans, in-year monitoring and outturn delivery at the year end. The budget report to Council in March 2020 set out the detailed savings plans and proposals for each directorate, along with the proposed impact on the Council's reserves until 2023/24.

The Council's budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its savings requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies. We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed the documents were comprehensive and detailed and the discussions were timely and delivered the intended outcomes to assist with the budget preparation.

Council's arrangements and approach to 2021/22 financial planning

The Council's arrangements for the 2021/22 budget setting process largely followed the arrangements in place for 2020/21.

The budget for 2021/22 was approved at the March 2021 Council meeting. The Council set a balanced budget with a total net budget for Council services of £637m with an increase in Council Tax of 4.99% (including 3% Adult Care precept). The budget planning for 2021/22 recognised the very significant impact on the Council's finances of Covid-19, identifying the financial impact on the Council for 2021/22 at £144m. The budget for 2021/22 included £41m of savings proposals and £185m use of reserves. The high use of reserves in 2021/22 reflects the use of Covid-19 funding received in 2020/21 but which was unspent and added to reserves at the end of 2020/21, to be spent during 2021/22.

We have reviewed the supporting evidence relating to the preparation of the 2021/22 budget and these demonstrate the arrangements are consistent with the previous year, were detailed and robust, and were properly applied.

Financial accounting and reporting

Our 2020/21 audit highlighted a number of accounting and reporting issues with the draft 2020/21 Statement of Accounts submitted for audit. The audit process identified some significant adjustments to the draft accounts and the Council corrected the majority of those adjustments. Particular challenges were encountered with the valuation of the Council's Property Plant and Equipment and Investment Properties. This was because of issues arising from information provided by the Council to the valuer and the approach adopted by one of the Council's external valuers. The Council has strengthened its arrangements following the 2020/21 audit including providing additional resource for the accounts closedown processes, and ensuring the finance team take a more prominent role in liaising with the Council external valuers. These improvements should be evident in the 2021/22 and subsequent audits.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.

3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Council's risk management and monitoring arrangements

The Council has a well established risk management system in place and embedded in the governance structure of the organisation. The Council has a risk management strategy 2020-2023 which sets out the Council's risk appetite and context to its risk management. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These registers inform the Council's corporate risk register which sets out the key strategic and corporate risks. The risk registers apply a risk score alongside the Council's target score for each risk. The register includes the controls in place to mitigate the risks along with other sources of assurance, and enables the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy along with examples of risk registers. Our review confirms the strategy is clear, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members to discharge their responsibilities.

The Council reports its risk registers through its governance framework, culminating in reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed the Committee understands its role in the risk management framework. It provides challenge to management on the risk register's and corresponding risks and mitigating actions.

The Council has a team of internal auditors, led by the Head of Audit & Risk Management, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is ordinarily agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. In 2020/21, the Covid-19 pandemic impacted significantly on Internal Audit's plans, and as a result of cancelled meetings at the start of the pandemic, the Audit Plan was presented to the Committee in July 2020. The audit plan is based on an assessment of risks the Council faces, and is planned to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2020/21 and 2021/22 and confirmed they are consistent with the risk based approach. The Council has comprehensive anti-fraud and corruption policies which are updated as required. In 2020/21 a significant focus of the Council's anti-fraud work was in implementing processes to minimise any loss on business grants by putting in place checks to minimise fraud/ loss before payments were made to businesses.

Internal Audit progress reports are presented to each Audit Committee meeting, including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Audit & Risk Management provides an opinion based on the work completed during the year. For 2020/21 the Head of Audit & Risk Management concluded a reasonable level of assurance could be given that the Council's overall framework of governance, risk management and control remains appropriate and had been complied with. Whilst this reflected the significant impact of the pandemic, the annual report highlighted the strength of the core governance, risk and control systems.

Throughout the year we have attended all Audit Committee meetings. These meetings have received regular updates on both internal audit progress and risk management. Audit Committee members engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

Council arrangements for budget monitoring and budgetary control

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. The format of the reports ensures relevant information is available, and in 2020/21, the reports were adapted to report on the impact of COVID including information on the impact on service costs and income shortfalls, specific grants received including business grants and other grants where the Council acted as an agent. We have reviewed a range of the reports and conclude they are appropriately detailed and comprehensive to provide members with the current financial position and the future challenges and risks ahead.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Council decision making arrangements and control framework

The Council's decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Executive, or other decision making committees) or delegated to Executive portfolio leads, or officers. The Constitution sets out clearly the approach to decision making. The Council also has a range of overview and scrutiny committees and sub-groups that challenge and scrutinise Council decisions.

Reports provided to support decision making include an assessment of the revenue and capital financial impacts and other key impact areas such as risk management, legality and equal opportunities.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and, where necessary, asks management to report on specific internal control issues. This includes asking management to attend meetings to answer questions. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls.

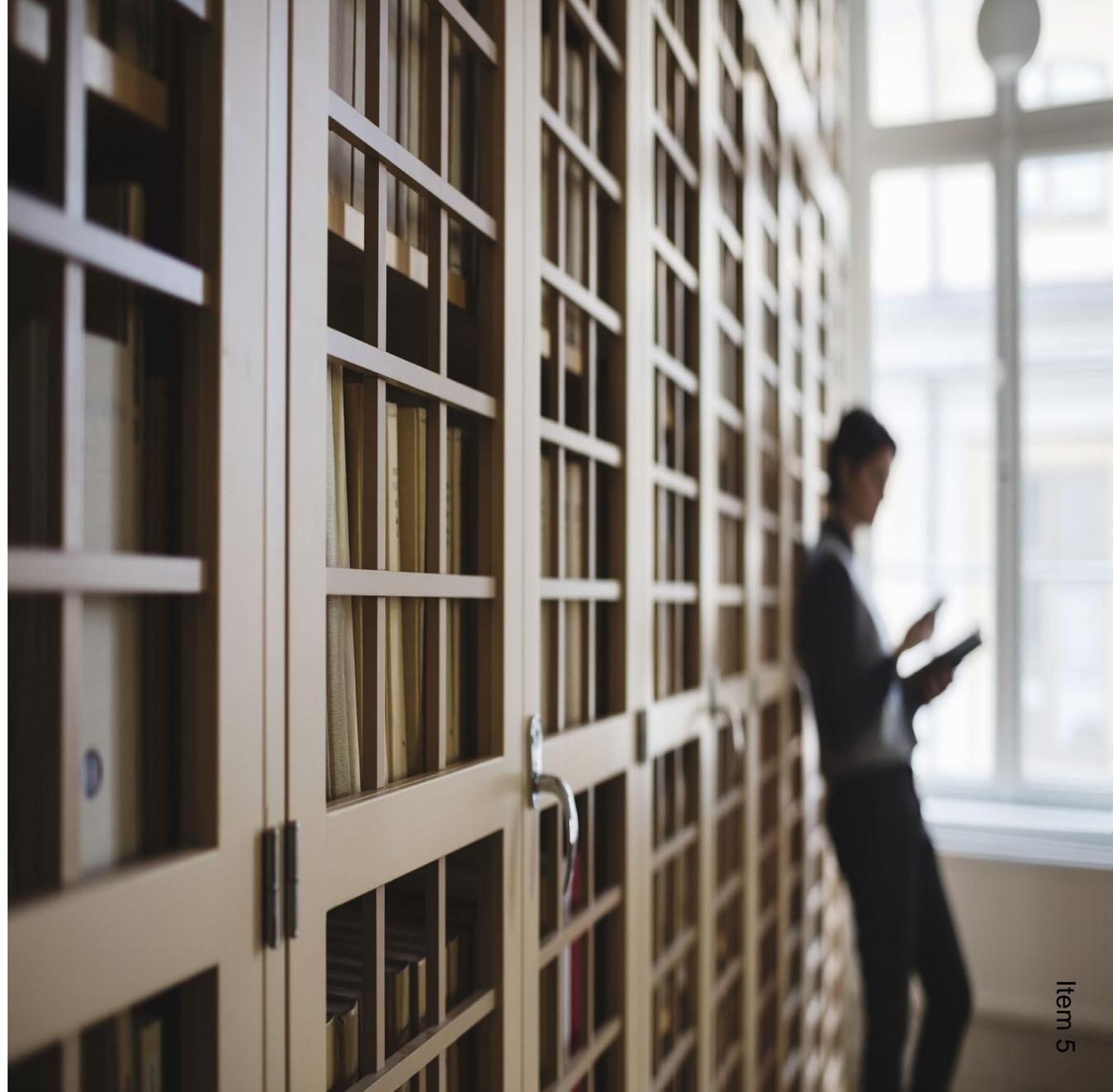
Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

The Council's arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported through the year. The monitoring of the achievement of the Corporate Plan priorities is supported by accessible detailed dashboards. These are presented alongside narrative reporting of the actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is doing. During 2020/21 this incorporated an explicit reference to how Covid-19 would affect delivery of priorities. The financial monitoring position is reported separately to performance monitoring but both provide a detailed and insightful summary of the Council performance and provide up to date evidence to inform decision making. The monitoring is also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified.

The Council produces a range of value for money analysis, including annual benchmarking of outcomes and unit costs against similar Councils. During 2020/21 the Council commissioned an external financial benchmarking review. The analysis highlighted the Council's areas of strength along with areas where other similar Councils achieve better outcomes with a lower spend. The Council used the output to both inform the budget planning process, and also to undertake detailed work with directorates to identify and deliver improvements in the delivery of value for money. The Council uses benchmarking tools to inform its understanding of its performance. As well as using some off the shelf benchmarking tools, the Council also has a corporate Performance, Research & Intelligence service. This service provides a valuable source of advice on performance monitoring methodologies for projects and directorates, as well as interpreting data and performance monitoring information.

The Council's arrangements for effective partnership working

The Council's key partnerships include a wide range of organisations as is expected for a very large and complex Council. These include service delivery partnerships, statutory partnerships, and commercial partnerships.

The Council monitors its delivery through key partnerships including an ongoing assessment of risk as set out in its Register of Significant Partnerships which is reported to the Audit Committee annually. This summarises the significant partnerships the Council has alongside a rating of assurance the Council considers the

partnership arrangements provide. This is informed by discussions and assessments involving the partnership link officer, moderated by Council officers from a range of service areas. As at 31 March 2021 the register included 49 significant partnerships, only one of which was reported as having limited assurance of controls over the partnership, and 36 were rated as having the highest level of assurance.

During 2020/21 the impact of Covid-19 has placed a greater focus on the operation of a number of strategic partnerships, particularly those related to delivery of health and social care responsibilities, and those supporting vulnerable residents.

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procurement Rules. This sets out the detailed process the Council must follow when procuring goods or services. We have reviewed the procedure rules and this confirms they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

To support procurement, the Council has centralised procurement team. This team provides a key source of procurement expertise. The team are required to be involved in procurement contracts above £30,000 and lead the procurement process in many cases. The Council controls in place to manage procurement effectively include completion of a pre-tender form to evidence the approval for the procurement and that financial and legal requirements have been followed. The support provided by the procurement team includes training to officers involved in the procurement process, enabling a clear common understanding of the approach and compliance requirements. The Council appoints contract managers who have responsibility for managing the contract. Directorates record their contracts in registers to track all the contracts within their portfolio.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

04

Section 04:

Other reporting responsibilities and our fees

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4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, issues Group Audit Instructions to us in respect of its consolidation data. We submitted the required information to the NAO for 2020/21 and the NAO confirmed no work was required for the Council's WGA consolidation data.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in June 2021. Having completed our work for the 2020/21 financial year, we can confirm our fees are as below. We confirm we have not undertaken any non-audit services for the Council or its Group entities relating to 2020/21.

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£159,519	£159,519
Additional fees in respect of recurrent scope changes: Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	£39,750	£43,750
Additional fees in respect of in-year scope changes: Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	£5,500	£2,500
Additional fees in respect of additional audit requirements for Manchester CC: Enhanced Audit Reporting	£4,500	£5,625
Additional fees in respect of value for money work arising from the change in the Code of Audit Practice	-	£12,500
Additional fees in respect of auditing infrastructure assets	-	£15,000
Additional fees in respect of specific accounting and quality issues in 2020/21: Group consolidation, Valuation of Property, Plant & Equipment/Investment Property, cash and bank balances, journals and Cash Flow statement	-	£62,000
Total fees	£209,269	£300,894



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Item 5

A. Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Valuation of Council Property, Plant & Equipment</p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken throughout the year there is a risk that the current value of the assets could be materially different at the year end.</p> <p>Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the Council's valuers, and considering the appropriateness of the Council's instructions to the valuers. • Obtaining an understanding of the basis of valuation applied by the valuers in the year. • Obtaining an understanding of the Council's approach to ensuring assets not subject to revaluation in 2020/21 are materially fairly stated. • Obtaining an understanding of the Council's approach to ensuring assets revalued through 2020/21 are materially fairly stated at the year end. • For a sample of the valuations, comparing the valuation to our valuation expert's estimate of the valuation. • Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuers as part of their valuations. • Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2021. • Testing the accuracy of how valuation movements were presented and disclosed in the financial statements. <p>The work carried out identified material and non-material adjustments were required to the financial statements for some of the asset valuations we tested. In addition we identified the Council's approach to valuing its assets not formally valued in 2020/21 led to a material understatement of the asset values. The Council obtained updated valuation reports, carried out additional work where required, and made adjustments to the values of the assets.</p>
<p>Valuation of investment properties</p> <p>The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the valuers, and considering the appropriateness of the Council's instructions to the valuers. • Obtaining an understanding of the basis of valuation applied by the valuers in the year. • Obtaining assurance on the appropriateness of the methodology and assumptions adopted by the Council's valuers. • For a sample of the valuations, comparing the valuation to our valuation expert's estimate of the valuation. • Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations. <p>The work carried out identified material and non-material adjustments were required to the financial statements for some of the investment property valuations we tested. The Council obtained updated valuation reports, carried out additional work where required, and made adjustments to the values of the assets.</p>

A. Further information on our audit of the financial statements

Significant risks and audit findings (continued)

Risk	Our audit response and findings
<p>Valuation of the Council's and the Group's defined benefit pension liability</p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension liability in 2020/21.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council and the Group components. • Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the controls in place at the Pension Fund are free from material deficiencies. • Reviewing a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the Council's and the Group's share of Pension Fund assets. • Reviewing the actuarial allocation of Pension Fund assets to the Council and the Group by the actuary, including comparing the Council's and the Group's share of the assets to other corroborative information. • Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PwC, consulting actuary engaged by the National Audit Office. • Agreeing the data in the actuarial valuation reports provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and the Group's financial statements. <p>The work carried out identified the Council's pension asset was materially understated as a result of the actuary estimating the pension asset returns for the final quarter of the year. The Council obtained an updated actuarial report and amended the accounts accordingly.</p>
<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. <p>Our work did not identify any matters to report.</p>

A. Further information on our audit of the financial statements

Summary of uncorrected misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Short-term debtors			10,252	
	Cr: Short-term creditors				10,252
An error of £1.5m was identified in in our sample testing, in line with our approach, we extrapolated the known error of £1.5m over the remaining untested grant income. The Council has amended the actual error, but the extrapolated impact of £10.2m has not been amended as it relates to an audit extrapolation.					
2	Dr: Unusable Reserves			7,014	
	Cr: Investment Properties				7,014
The valuation of three assets are above the upper-end our expected valuation range.					
3	Dr: Group LT Investment in Joint Venture			568	
	Cr: Group I&E Reserve				568
Net impact of two misstatements: the impact of IFRS16 in the Group entity accounts (£1.9m) and an understatement of lease income in the Group entity accounts (£1.4m).					

A. Further information on our audit of the financial statements

Summary of uncorrected misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Unusable Reserves			2,396	
	Cr: Infrastructure Assets				2,396
	Impact of the change in accounting policy for infrastructure assets.				
5	Dr: Assets Held for Sale			4,050	
	Cr: Property, Plant & Equipment				4,050
	An asset included in the operational land & buildings balance was marketed for sale at the year end and was not an operational asset.				
6	Dr: Group LT Investment in Joint Venture			835	
	Cr: Share of Operating Results of Joint Venture	9,950			
	Dr: Other Comprehensive Income of Joint Venture		9,115		
	Additional depreciation not applied to some Group entity assets.				
Total unadjusted misstatements		9,950	9,115	25,115	24,280

A. Further information on our audit of the financial statements

Internal control observations

We raised seven internal control recommendations from our audit. These covered the Council's closedown arrangements, its arrangements to obtain land and building valuations, and its general control arrangements.

The Council has agreed with all recommendations and has subsequently implemented the agreed actions.

Karen Murray, Partner

Mazars

One St Peter's Square

Manchester

M2 3DE

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Cllr Lanchbury
 Chair of the Audit Committee
 Manchester City Council
 Mount Street
 Manchester
 M30 2LA

Direct +44 (0) 161 234 9248
 line

Email Karen.murray@mazars.co.uk

7 August 2023

Dear Cllr Lanchbury

Conclusion of pending matters– Audit completion report

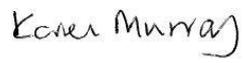
Following on from the July 2023 Audit Committee meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated 18 July 2023. The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
Post Balance Sheet Events	We have completed our work on the Council's post balance sheet events. The Council have included additional disclosures reflecting the events that have occurred since 31 March 2021 which have materially impacted the Council's financial position. There are no matters to report to the Committee from our work.
Financial statements, Annual Governance Statement and letter of representation	We have received the final signed statements and the signed letter of representation. There are no matters arising to report to the Committee.

Appendix A contains our proposed audit report and opinion. Appendix B contains our additional fees to be requested from Public Sector Audit Appointments. If you wish to discuss these or any other points then please do not hesitate to contact me.

7 August 2023

Yours sincerely

A handwritten signature in black ink that reads "Karen Murray". The signature is written in a cursive style with a loop at the end of the name.

Karen Murray

Partner

7 August 2023

7 August 2023

Appendix A – Proposed Audit Report

See following pages

7 August 2023

Independent auditor's report to the members of Manchester City Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Manchester City Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2021 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of group property assets

We draw attention to note 2 of the Group financial statements, which describes the effects of the Covid-19 pandemic on the valuation of property assets underlying the consolidated value of Manchester Airport Holdings Limited and Destination Manchester Limited. As disclosed in note 2 of the Group financial statements, the Council's external valuer included a 'material valuation uncertainty' declaration within their report. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Deputy Chief Executive & City Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Note 5.1.1 of the financial statements explains how the Deputy Chief Executive & City Treasurer formed their judgement that it is appropriate to adopt the going concern basis of preparation for the Council and the Group.

7 August 2023

In accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, our review of management's assessment of going concern was focused on the extent to which there are any indications that the functions of the Council and Group will not continue in operational existence for the foreseeable future.

Our audit procedures to evaluate the City Treasurer & Deputy Chief Executive's assessment of the Council's and the Group's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of our audit to identify events or conditions that may cast significant doubt on the Council's and the Group's ability to continue as a going concern in the context of the guidance in Practice Note 10;
- obtaining an understanding of the relevant controls relating to the Deputy Chief Executive & City Treasurer's going concern assessment;
- making enquiries of the Deputy Chief Executive & City Treasurer to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Council's and the Group's continuation of service; and
- considering whether the Deputy Chief Executive & City Treasurer's assessment is proportionate to the risks associated with going concern for the local government sector.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Deputy Chief Executive & City Treasurer with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures. These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	How our scope addressed this matter
<p>Valuation of Council Property, Plant and Equipment <i>Note 19a to the financial statements discloses information on the Council's holding of property, plant and equipment (PP&E) which includes £623.1m of Council Dwellings and £1,098.4m of Other Land & Buildings held at current value at 31 March 2021.</i></p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the Council's valuers, and considering the appropriateness of the Council's instructions to the valuers.

7 August 2023

Key audit matter	How our scope addressed this matter
<p>The CIPFA Code of Practice requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.</p> <p>Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.</p>	<ul style="list-style-type: none"> ● Obtaining an understanding of the basis of valuation applied by the valuers in the year. ● Critically assessing the Council's approach to ensure that assets not subject to revaluation in 2020/21 are materially fairly stated. ● Critically assessing the Council's approach to ensure that assets revalued through 2020/21 are materially fairly stated at the year end. ● Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuers as part of their valuations ● Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets. ● Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2021. ● Substantively testing for a sample of assets how valuation movements were presented and disclosed in the financial statements. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of land & buildings included in the financial statements is reasonable.</p>
<p>Valuation of Investment Properties</p> <p><i>The Council's Balance Sheet discloses their Investment Properties to be valued at £476.1m at 31 March 2021.</i></p> <p>The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ● Obtaining an understanding of the skills, experience and qualifications of the valuers, and considering the appropriateness of the instructions to the valuers from the Council. ● Critically assessing the basis of valuation applied by the valuers in the year. ● Critically assessing the appropriateness of the methodology and assumptions adopted

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Key audit matter	How our scope addressed this matter
<p>The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p>	<p>by the Council's valuers for a sample of assets.</p> <ul style="list-style-type: none"> • Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets. • Sample testing the completeness and accuracy of underlying data used by the valuers as part of their valuations. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of investment properties included in the financial statements is reasonable.</p>
<p>Valuation of the Council's and the Group's Defined Benefit Net Pension Liability</p> <p><i>The Council's and the Group's balance sheet discloses the Council and Group pension liability to be valued at £949.5m at 31 March 2021 and comprises assets of £3,517.6m and liabilities of £4,467.1m.</i></p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the Council and Group net pension liability in 2020/21.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Critically assessing the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council. • Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This included the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate. • Obtaining a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the council's share of Pension Fund assets. The Pension Fund auditor work included comparing the asset values used for the actuarial valuation to those subjected to audit by the Pension Fund auditor. • Testing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information.

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Key audit matter	How our scope addressed this matter
	<ul style="list-style-type: none"> • Challenging the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges provided by our expert, PWC, consulting actuary engaged by the National Audit Office. • Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of the defined benefit pension liability included in the financial statements is reasonable.</p>

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Council	Group
Overall materiality	£31.577m	£36.513m
Basis for determining materiality	Materiality has been determined as approximately 1.75% of gross expenditure at the surplus/deficit on provision of services level	
Rationale for benchmark applied	Gross expenditure at the surplus/deficit on provision of services level was chosen as the appropriate benchmark as this is a key measure of financial performance for the Council/Group and for users of the financial statements	
Performance materiality	£22.104m	£25.559m
Reporting threshold	£0.947m	£1.095m

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As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Deputy Chief Executive & City Treasurer made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Council and Group, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our approach to auditing the Group was based on our understanding of the group structure and an assessment of the significance of individual components to the group financial statements. In summary:

- Full scope audit procedures were carried out on the Council which represents 90.4% of the Group's total assets, 99.6% of the Group's total liabilities, 96.1% of the Group's income and 86.6% of the Group's expenditure.
- Group audit instructions were issued to the auditor of Manchester Airport Holdings Limited in respect of their full scope audit of the Manchester Airport Holdings Limited financial statements. Component materiality of £19.0m was applied to our group audit instructions. Manchester Airport Holdings Limited represents 9.3% of the Group's total assets, 0% of the Group's total liabilities, 3.3% of the Group's income and 12.7% of the Group's expenditure.
- Analytical procedures were performed on Destination Manchester Ltd as a non-significant component included in the Group financial statements.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The Deputy Chief Executive & City Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Deputy Chief Executive & City Treasurer for the financial statements

As explained more fully in the Statement of the Deputy Chief Executive & City Treasurer's Responsibilities, the Deputy Chief Executive & City Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Deputy Chief Executive & City Treasurer is also responsible for such internal control as the

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Deputy Chief Executive & City Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive & City Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive & City Treasurer is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21) the Local Government Finance Acts of 1988, 1992 and 2012, the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Deputy Chief Executive & City Treasurer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;

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- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, reviewing management judgements and assumptions in significant accounting estimates, and reviewing any significant one-off or unusual transactions.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

We are also required to conclude on whether the Deputy Chief Executive & City Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in this respect.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Other matters which we are required to address

We were appointed as the Council's auditor by Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is three years covering the audit of the financial years ending 31 March 2019 to 31 March 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Council or Group and we remain independent of the Council and Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of the audit report

This report is made solely to the members of Manchester City Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Manchester City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Karen Murray, Key Audit Partner
For and on behalf of Mazars LLP
One St Peter's Square
Manchester
M2 3DE
August 2023

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Appendix B – Additional fees

Area of work	2019/20 actual fees	2020/21 proposed fees
Planned fee in respect of our work under the Code of Audit Practice	159,519	159,519
Additional fees in respect of recurrent scope changes: Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	39,750	43,750
Additional fees in respect of in-year scope changes: Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	5,500	2,500
Additional fees in respect of additional audit requirements for Manchester CC: Enhanced Audit Reporting	4,500	5,625
Additional fees in respect of value for money work arising from the change in the Code of Audit Practice	-	12,500
Additional fees in respect of auditing infrastructure assets	-	15,000
Additional fees in respect of specific accounting and quality issues in 2020/21: Group consolidation, Valuation of Property, Plant & Equipment/Investment Property, cash and bank balances, journals and Cash Flow statement	-	62,000
Total fees	209,269	300,894

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**Manchester City Council
Report for Information**

Report to: Audit Committee – 19 September 2023
Subject: Work Programme and Recommendations Monitor
Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

- Recommendations 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 Recommendations

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
25 July 2023	AC/23/22 Internal Audit Update – Quarter 1	To note the intention to provide a further update on Housing Services findings in the next scheduled update.	Added to the Work Programme.	Tom Powell

**Audit Committee
Work Programme – 2023/24**

Meeting date – Tuesday 19 September 2023 (Report deadline – Friday 8th September 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Annual Audit report 2020/21	To receive the Annual Audit report 2020/21 from the External Auditors (Mazars)		Mazars (External Auditors)
Audit Completion Letter 2020/21	To receive the letter concerning the completion of the Audit Completion Letter 2020/21 from the External Auditors (Mazars).		Mazars (External Auditors)
Audit Completion Report 2021/22	To receive the audit completion report 2021/22 from the External Auditors (Mazars)	Councillor Akbar	Deputy Chief Executive and City Treasurer
Final Statement of Accounts 2021/22	To receive the Final Statement of Accounts for 2021/22	Councillor Akbar	Deputy Chief Executive and City Treasurer
Oral Update: External Audit of Accounts 2022/23	To receive an oral update on the progression of the 2022/23 Accounts		Mazars (External Auditors)
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		Governance and Scrutiny Support Unit

Meeting date – Tuesday 24 October 2023 (Report deadline – Friday 13 October 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Corporate Risk Strategy and Risk Register	To receive, note and comment on the Corporate Risk Strategy and the associated Risk Register.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Review of the Effectiveness of Internal Audit, Audit Committee and QAIP	To note receive and consider the efficacy of Internal Audit, the Audit Committee and the Quality Assurance Improvement Plan.	Councillor Akbar	The Head of Audit and Risk Management
Annual Counter Fraud (Public Excluded)	To receive, note and consider on Annual Counter Fraud findings and activity.	Councillor Akbar	The Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		

Meeting date – Tuesday 28 November 2023 (Report deadline – Friday 17 November 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update Annual Complaints report	To note, receive and comment on the complaints, enquiries and information request dashboard, in respect of annual performance for 2022/23 corporate and social care complaints.	Councillor Akbar	The City Solicitor and the Assistant Chief Executive

Treasury Management Update	To note, receive and comment on Treasury Management activities over the last six months.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Internal Audit Assurance Q2	To note, receive and comment on Internal Audit assurance activity in Quarter 2.	Councillor Akbar	The Head of Audit and Risk Management
Outstanding Audit Recommendations Q2	To note receive and comment on the implementation of audit recommendations in Quarter 2.		The Head of Audit and Risk Management
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.	N/A	Governance and Scrutiny Support Unit

Meeting date – Tuesday 12 December 2023

Annual Training Event

Meeting date – Tuesday 16 January 2024 (Report deadline – Friday 29 December 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Register of Significant Partnerships	To receive the six-monthly update on the Register of Significant Partnerships.	Councillor Akbar	The Deputy Chief Executive and City Treasurer

Internal Audit Assurance Q3	To receive note and consider Internal Audit assurance opinions and activity in Quarter 3.	Councillor Akbar	The Head of Audit and Risk Management
Outstanding Audit recommendations Q3	To note receive and comment on the implementation of audit recommendations in Quarter 3.	Councillor Akbar	The Head of Audit and Risk Management
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		Governance and Scrutiny Support Unit

Meeting date 13 February 2024 – (Report deadline – Friday 2 February 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Internal Audit Plan 2024/25	To receive, note and consider the Internal Audit Plan for 2024/25	Councillor Akbar	The Head of Audit and Risk Management
Annual Audit Opinion 2022/23	To receive, note and consider the Annual Internal Audit Assurance Opinion for 2022/23	Councillor Akbar	The Head of Audit and Risk Management
Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty	To receive, note and consider the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2023/24 annual accounts.	Councillor Akbar	The Deputy Chief Executive and City Treasurer

Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		
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Meeting date – 12 March 2024 – (Report deadline – Friday 1st March 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Progress	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Risk Review item: TBC			
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.	N/A	Governance and Scrutiny Support Unit

Meeting date – 9 April 2024 – (Report deadline – Friday 29 March 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Risk Review item: TBC			
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		

To be Scheduled:

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Completion of Accounts 2023/24			
External Audit Plan 2023/24			