

## **Audit Committee**

### **Minutes of the meeting held on 29 November 2022**

#### **Present:**

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

#### **Apologies:**

Councillor Russell

#### **Also Present:**

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

#### **AC/22/45 Minutes**

The minutes of the previous meeting were submitted for consideration as a correct record.

Karen Murray (Mazars, External Auditors) asked the Committee to agree the following amendments:

AC/22/39 – bullet point 3 be revised to refer to the 2021/22 budget instead of 2022/23.

AC/22/40 – the commencement of Mazars external audit work was again in relation to 2021/22 budget and not 2022/23. Clarification that the agreed timeline for completion had been for the end of January 2023 was also put forward.

Those amendments were accepted.

#### **Decision**

To approve the minutes of the meeting held on 18 October 2022 as a correct record, subject to the amendments above.

#### **AC/22/46 External Audit update**

The Committee received a report of the External Auditors ( Mazars) which provided an update on progress on the completion of external audit work for the financial years 2020/21 and 2021/22. The Committee welcomed Karen Murray (Mazars) who introduced the report and Suresh Patel who members were informed would lead on completion of 2021/22 audit work.

The report provided the current position on:

- 2020/21 Financial Statements Work
- 2021/22 Financial Statements Work
- 2021/22 Value for Money Arrangements work; and
- An overview of national publications relevant to the Local Government audit function, one of which was with specific reference to Local Government Audit Committee function and remit.

With regard the list of national publications, a member referred to statistics on the number of Local Authorities that invest in corporate property outside of area. The Deputy Chief Executive and City Treasurer gave assurance that such investments did not align with the Council's Capital Strategy principles which require that corporate property investments must fall inside the Local Authority area (or in respect of energy investments, its economic area) or must not be made purely for yield.

In respect of recently published Chartered Institute of Public Finance and Accountability (CIPFA) guidance on Audit Committee function and remit (Audit Committee: Practical Guidance For Local Authorities And Police (2022 edition), the Head of Audit and Risk Management confirmed that a short update would be provided at the next meeting with regard to future implications on roles and responsibilities.

The Committee was invited to note that reference in the report to the external audit of 2020/2021 financial year related to Manchester Airport Group accounts and not the Council's 2020/21 accounts.

## **Decision**

To note the report.

## **AC/22/47 Letters from those charged with Governance**

The Committee received a report for information from the Deputy Chief Executive and City Treasurer which presented the main points of assurance issued to the External Auditor from the Audit Committee Chair and the Deputy Chief Executive and City Treasurer, in connection with the audit of the 2021/22 accounts.

A member noted that the responses did not make reference to the topic of potential fraud risk in schools. The Head of Audit and Risk Management explained that scope for potential fraud risk to an extent that it could impact on financial statements work was unlikely to be sufficient to warrant raising with external auditor colleagues as a significantly material concern.

Having duly considered the responses provided on financial accounting arrangements, the risks of fraud and compliance with laws and regulations, the Committee noted the report.

## **Decision**

To note the report.

### **AC/22/48 Treasury Management Interim Update**

The Committee considered a report of the Deputy Chief Executive and City Treasurer which set out treasury management activities of the Council during the first six months of 2022/23.

The report provided information on:

- The Council's portfolio position as at 30th September 2022
- A review of economic conditions 2022-23 to date
- An overview of Treasury borrowing in 2022-23 to date, with specific reference to Public Works Loan Board (PWLB), temporary borrowing and Salix borrowing
- Compliance with Prudential Indicators and Treasury Limits
- Investment Strategy for 2022-23 to date
- Temporary Borrowing and Investment for 2022-23 to date
- Implications of Rising Interest Rates; and
- Concluding comments

The Commercial Finance Lead responded to questions from members about the temporary borrowing portfolio, lender option borrower option (LOBO) loans, the implications of rising interest rates including international considerations, the nuances of local government cashflow and compliance with treasury limits.

The Executive Member for Finance and Resources thanked officers for the comprehensive report with particular reference to their important role in minimising borrowing costs and maximising the Council's investment returns in the context of financial volatility and uncertainty.

The Committee noted report.

### **Decision**

To note the report.

### **AC/22/49 Risk Review: Governance and Management of Complaints**

The Committee received a report of the Assistant Chief Executive and the City Solicitor which presented the complaints, enquiries and information request dashboard. The dashboard set out the Council's annual performance for 2021/22 in the management of corporate and social care complaints, Councillor and MP enquiries, as well as information requests.

Key themes of the report were:

- An overview of the complaints and enquiries dashboard
- Corporate Complaints: 77% of Stage one complaints. responded to within ten working days, 16% of complaints escalated to Stage two., 60%of stage two

complaints responded to within ten working days, 28% of Stage one and two complaints upheld.

- Councillor and MP enquiries: 76% of enquiries responded to within ten working days
- Social Care Complaints: 59% of social care complaints handled within timescale, 27% of social care decisions upheld
- Local Government and Social Care Ombudsman (LGSCO) Enquiries: There had been an increase in the number of Local Government and Social Care Ombudsman enquiries, and performance had improved in that the average number of days taken to respond had fallen to 16 in comparison with the previous year's 2, 24% of Local Government and Social Care Ombudsman decisions were upheld
- Praise: there had been an increase in the number of instances of praise (409) in comparison with the previous year (383)
- Learning from complaints: including Critical Learning and Learning Action Plans
- Freedom of Information and GDPR requests: 84% of GDPR requests responded to within relevant statutory timescale, 79% of Freedom of Information Act requests responded to within relevant statutory timescale

The Committee welcomed the comprehensive report and noted the increase in instances of praises for Council Services. A discussion followed on the comparative increase in complaints with regard to the previous year's data. The impact of changed expectations about service delivery in the post-pandemic environment, including a greater reliance on remote-working and an associated trend towards uptake of digital channels for residents, businesses and service users were cited amongst possible influencing factors.

A member commented on the significant increase in complaints to Children's Services and Education which had arisen following the implementation of a new system being used for school place admissions. The Deputy Chief Executive and City Treasurer spoke about the value in learning from complaints and emphasised the significance of the tone of engagement taken with the city's residents and the shift to a listening culture.

Following a question about the number of logged Councillor enquiries referenced in the report and how that compared with the number of councillor-led requests for service / information, the Assistant Chief Executive agreed to undertake a piece of work with services to improve how Councillor enquiries are recorded and monitored, including the development of refreshed guidance.

The Deputy Executive Member for Finance and Resources spoke about plans to broaden digital access to Council services to ensure inclusivity of all of the city's residents, businesses and other users of Council services and the impact of an increased awareness about legislative rights under for example, the General Data Protection Regulation and Freedom of Information Acts.

In terms of closing comments, the Executive Member for Finance and Resources acknowledged the importance of a robust, positive and responsive complaints system which supports the organisation in identifying weaknesses in its systems or

policies in seeking to address them. He indicated that the overall increase was attributable to a shift towards increased remote-working practices which, in the context of a natural tendency to notice when things go wrong as opposed to when they work well and an ongoing commitment to widen digital access, should be encouraged and embraced as opportunities for continuous and ongoing improvement.

## **Decision**

1. To note the update.
2. To note that the Assistant Chief Executive will undertake a piece of work with services to improve how Councillor enquiries are recorded and monitored, including the development of refreshed guidance.

## **AC/22/50 Code of Corporate Governance**

The Committee considered a report of the Deputy Chief Executive and City Treasurer which presented the revised draft of the Council's Code of Corporate Governance (the Code). The Code had been updated to align with published guidance and was attached as an appendix with a proposal that the Code should instead be a stand-alone document, instead of an aspect of the Council's Constitution to create greater flexibility in terms of timings of updates

The Committee was invited to note that revised draft had been considered at a recent meeting of the Council's Standards Committee, which made no amendments.

The Committee was invited to consider the Code and to recommend to the Council that responsibility for approval of the Code of Corporate Governance is delegated to the Audit Committee, with Standards Committee members invited to comment. Next steps were described as an assessment of the Council's compliance with the Code to be completed within the Annual Governance Statement to be considered by both committees in the summer of 2023.

The Committee agreed the recommendations.

## **Decision**

1. To note the report
2. To recommend to the Council that responsibility for approval of the Code of Corporate Governance is delegated to the Audit Committee and in doing so that Council:
  - Agrees changes to the delegations to the Audit Committee set out in the Council's Constitution so that approval of the Code of Corporate Governance is the responsibility of Audit Committee.
  - Agrees to delete the reference to the Code of Corporate Governance from the Council's Policy Framework at Article 4 of the Council's Constitution; and
  - Removes Section G of Part 6 ("Manchester City Council - Code of Corporate

Governance") from the Council's Constitution.

## **AC/22/51 Risk Management Strategy and Corporate Risk Register**

The Committee considered a report of the Deputy Chief Executive and City Treasurer which discussed the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements. It included a copy of the latest refresh of the Corporate Risk Register and an overview of the approach being taken to respond to inflationary finance risks, at the committee's earlier request.

The Committee was invited to consider the assurance provided in the report, which made specific reference to:

- The context of recent updates to the Corporate Risk Register, influenced by a fundamental rewrite of the risks and the description of response actions which itself had arisen due to a re-evaluation of the degree those risks interact.
- A summary of risks agreed at the Senior Management meeting held in September 2022 (the Corporate Risk Register (CRR) was appended to the report)
- A discussion about Inflationary risk

In response to a question about climate change targets, the Deputy Chief Executive and City Treasurer explained the reasons behind the risk being split and the Council's approach to deliver high return / low risk interventions as part of the agreed Action Plan. With regard to actions to meet cross city targets, she referred to the Climate Change Partnership Framework which sets out the scale of action required and those that sit within the agency of the Council or local partners. She added that the Council would continue to seek solutions use its influence in terms of lobbying and pressure regarding policy change requirements that sit within the agency of central government.

There was a discussion about risk management of a further global pandemic. The Head of Audit and Risk Management referred to the involvement of the Local Resilience Forum as well as a Greater Manchester and city-wide response to business continuity, with appropriate planning around response. However those risks would be cross-referenced.

A member noted the risk referred to in relation to scale and type of housing in the city and requested further information and assurance on how those risks are being managed. The Deputy Chief Executive and City Treasurer referred to pressures on the availability of temporary accommodation in the city some of which directly affected the Council's ability to develop services associated with homelessness. She however asked the Committee to note that aspects of provision did not sit wholly with the Council which added to a degree of complexity around the matter.

With regard to the Cost of Living Crisis, the Chair commented that implications associated with Risks 6 and 7 in the report are given appropriate focus assessed in preparation for the next review of the Register. The Deputy Chief Executive advised that the review would reflect the impact on service delivery implications as well as the

impacts residents (a number of whom were employees) and mitigations associated with the Anti Poverty Workforce Strategies that would be in place.

The Chair thanked officers for the helpful and informative report and requested that should risks in relation to the implications of the Cost of Living Crisis significantly increase, a further update to the Audit Committee should be brought for members' views.

## **Decision**

To note the report and in doing so, request that should risks in relation to the implications of the Cost of Living Crisis significantly increase, a further update shall be brought to the Committee.

## **AC/22/52 Register of Significant Partnerships**

The Committee considered a report of the Deputy Chief Executive and City Treasurer which provided a six-monthly update on the partnerships issued a 'reasonable' or 'limited' rating in terms of governance arrangements. A copy of the Register in full was appended to the report.

An overview of further steps that had been agreed to strengthen and enhance governance practices was also included. These incorporated amendments to the way relevant information was captured, the timeline for the production of the register as well as proposals to build a lessons learnt exercise into the annual process to aid continuous improvement.

The Committee was invited to note that a further six entities had been identified for inclusion on the Register. The next annual update to Committee is scheduled for June 2023.

In response to a comment about recent events under the remit of the Greater Manchester Mental Health Trust (GMMHT), the Head of Programme Management Office: Commercial Governance advised that the partnership's performance would be reviewed as part of the next cycle. The Deputy Chief Executive and City Treasurer gave assurance that the Council was working closely with GMMHT and that an update outlining that assurance would be reflected in the next update.

The Committee was also invited to note the Acting Chief Executive of One Education's term of office had been further extended whilst further arrangements were being implemented to improve governance and strategy were being developed and formalised.

In response to a question from the chair about board vacancies for Manchester Working Limited, the Head of Programme Management Office: Commercial Governance advised that those vacancies were a package of directorships under review given the impending departure of the Director of Commercial Operations from the Neighbourhoods Directorate.

## **Decision**

To note the report.

**AC/22/53 Work Programme and Recommendations Monitor**

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

Members discussed proposals for the Annual Training Event and noted the information provided in Sections 2 in respect of recent comments in relation to the Christie Car Parking Scheme.

**Decision**

To agree the Committee's Work programme as set out in the report.