

## **Audit Committee**

### **Minutes of the meeting held on 10 December 2018**

#### **Present:**

Councillor Ahmed Ali - In the Chair  
Councillors Lanchbury, Russell, A. Simcock and Watson  
Mr S Downs (Co-opted member) and Dr D Barker (Co-opted member)

**Apologies:** Councillor Connolly

#### **AC/18/61 Minutes**

The minutes of the Audit Committee held on 5 November 2018 were submitted for approval.

#### **Decision**

To approve the minutes of the meeting held on 5 November 2018 as a correct record.

#### **AC/18/62 External Audit Progress Report and Update 2018/19**

Members considered the report of Mazars, the Councils appointed external auditor, that provided the Committee with the second update on progress in delivering their responsibilities for the 2018/19 audit as the external auditor.

The Chair invited questions from the committee.

A member referred to updates and observations from National Publications and asked what observations had been made regarding Brexit. Reference was also made on concerns relating to councils funding commercial investment through borrowing and officers were asked if there was any relevance to the Council decisions made to fund commercial investments.

It was reported that due to the ongoing uncertainty regarding Brexit, no observations had been released on the potential risks on local authorities. It was expected that this would change as the government's position on Brexit becomes more clear.

The Committee was informed that the statement on council funding commercial investment through borrowing relates to a number of smaller borough councils that have borrowed to invest in commercial schemes to raise revenue to fund council services. The concerns expressed by CIPFA relate to the potential risks that are attached to such investments in the event that a commercial scheme did not succeed or did not produce the expected financial returns. It was recognised that Manchester City Council has a well-developed risk assessment model in place for the consideration of possible commercial opportunities.

## **Decision**

To note the report submitted.

### **AC/18/63 Draft Code of Corporate Governance**

Members considered the report of the Deputy Chief Executive which presented a revised draft Code of Corporate Governance, produced in accordance with the Accounts and Audit Regulations 2015. The Council is required to conduct an annual review of the effectiveness of its governance framework and document this in the Annual Governance Statement and publish it as part of the Council's Annual Accounts.

The Chair invited questions and comments from the committee on the draft Code of Corporate Governance.

A member made reference to the comparisons on functions, expenditure and performance with similar organisations (Section E of the draft Code of Governance) and requested that officers provide examples for members on the information used to benchmark work on functions, expenditure and performance.

A member referred to Managing Data (Section F of the document) and made the point that handling personal data is a responsibility for both officers and members. Officers were asked if they considered additional help was required for members on the use of Council held data.

It was reported that the wording used to set out responsibilities on Managing Data would be strengthened and included in the programme of implementation for the Annual Governance Statement.

Reference was made to the protocol governing member/ senior officer relations and the Committee discussed the importance and means of raising member awareness of the protocol. It was agreed that the matter be referred to the Member Development Working Group.

## **Decisions**

1. To note the report submitted.
2. To note the comments raised on the draft governance standards as set out within the draft Code of Corporate Governance.
3. To request officers to circulate to Audit Committee members, information and examples of benchmarking work used to assess functions, expenditure and performance.
4. To request officers to strengthen the wording used to set out responsibilities on Managing Data and that this be included in the programme of implementation for the Annual Governance Statement.

5. To request the Member Development Working Group to include within its Annual Work Programme for members training 'understanding of the Council Constitution - the protocol governing officer member relations'.

## **AC/18/64 Risk and Resilience Strategy and Corporate Risk Register**

The Committee considered the annual report of the City Treasurer and the Head of Internal Audit and Risk Management which presented progress made in relation to the delivery of Risk and Resilience strategic priorities. It was reported that the Corporate Risk Register (CRR) is usually included within the report, however, the CRR was under revision as part of the process of 2019/20 business planning refresh and would be included within the business planning reports for consideration by Scrutiny Committees in February 2019 and Audit Committee on 11 February 2019.

The report provided a summary on the following issues:

- Progress in delivery of objectives set out in the Corporate Risk Management and Business Continuity Strategies 2018-2020.
- Refresh of governance arrangements to provide scrutiny, oversight and leadership of the risk management programme.
- Next steps in review of the CRR in the context of links to the Business Planning Framework.

The Chair invited questions from the committee.

A member stated that the report did not refer to Brexit and potential risks to business continuity, maintenance of council systems, workforce, shortages and procurement. Officers were asked to include reference within the Corporate Risk Register on the uncertainty presented by Brexit and how this had been considered.

A member commented that the current version of the Corporate Risk Register should have been provided to members to allow members to consider and make comment for inclusion in the updated version.

It was reported that preparations for potential risks to Council services that are presented by Brexit are being considered by the Council's Brexit Preparedness Group. The GM Combined Authority also has a Brexit Preparedness Group to consider the risks presented on a Greater Manchester wide basis. The risks presented by Brexit would be included in the CRR, under the assumption the it is formally raised as a risk through determination at a Senior Management level.

The Committee was assured over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

## **Decisions**

1. To note the current governance framework and timetable for refresh of the Corporate Risk Register.

2. To request that a further report is submitted on the refreshed Corporate Risk Register to the meeting of the Committee on 11 February 2018.
3. To note the comments made regarding potential risks to the Council presented by Brexit.
4. To request that the Corporate Risk Register include reference to the potential risks of Brexit on Council services.

**AC/18/65      Work Programme and Audit Committee Recommendations  
Monitor**

The report of the Governance and Scrutiny Support Unit which contained responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

The Committee noted that the business scheduled for the meeting on 11 February 2019 was excessive and requested officers to reschedule non-priority items to the meeting on 11 March 2019.

**Decisions**

1. To note that the Work Programme and Recommendations Monitor will be updated for the next meeting of the Audit Committee.
2. To agree the meeting of the Committee scheduled for 14 January 2019 is cancelled.