

**AUDIT COMMITTEE  
15<sup>th</sup> March, 2022**

Present:- Councillor Baker-Rogers (Chair); Councillors Cowen and Wyatt together with John Barber (Independent Person).

Gareth Mills (Grant Thornton), joined the meeting by telephone.

An apology for absence was received from Councillor Mills.

**80.           DECLARATIONS OF INTEREST**

There were no Declarations of Interest to report.

**81.           QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

There were no members of the press or public present at the meeting.

**82.           MINUTES OF THE PREVIOUS MEETING HELD ON 11TH JANUARY, 2022**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 11<sup>th</sup> January, 2022.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

**83.           ANNUAL REPORT - VALUE FOR MONEY**

Gareth Mills, Grant Thornton, gave an update on the present position with regard to External Audit:-

- The Housing Benefit Grant certification work had now concluded, signed off and submitted
- The draft 2021 Value for Money report had been produced and shared with the Council's Finance Team the key message being that overall it was a positive report for the Council. The final report would be submitted to a special meeting of the Committee where it would be considered in detail
- The 2021/22 audit planning work would start later in the month/early April with a view to commencing the audit in the Summer working towards a 30<sup>th</sup> November, 2022 completion

Discussion ensued on the update with the following issues raised/clarified:-

- It had been hoped to submit the 2021/22 Audit Plan to this meeting, however, the company's priorities had had to be refocussed due to a number of local authority accounts not being finalised as well as finalising the Value for Money work
- It was anticipated that the Audit Plan would be issued in early May and submitted to the June meeting
- Grant Thornton was confident of achieving the 30<sup>th</sup> November deadline
- It was understood that there would be a 3 month gap between the signing off of accounts and finalising Value for Money work, however, Grant Thornton was looking to significantly reduce that gap
- The Value for Money work was a more wide ranging review than previously under the old Code which involved people outside of the core Finance Team in order to gain an understanding of the wider management arrangements

Resolved:- That the update be noted.

#### **84. 2022 ANNUAL PROCUREMENT UPDATE**

Karen Middlebrook, Head of Procurement, presented an update on some of the key activity delivered in the last 12 months by the Procurement Team to ensure robust procurement activity was undertaken across the Council. The report highlighted:-

- Re-draft of the Procurement Procedure Rules (approved at 29<sup>th</sup> September, 2021 Council Meeting) which provided the corporate framework setting out the rules/expectations that all officers must comply with when entering into arrangements with third party suppliers
- Since implementation, training sessions had been provided and attended by 179 officers with a further 70 scheduled to receive training before the end of March, 2022
- Work with HR and OD to raise awareness of procurement and the procedures that applied through new starter e-induction activity
- Ongoing work to produce procurement plans for publication on the Council's website to ensure compliance with the National Procurement Policy Statement requirements

It was noted that the ongoing work would put the organisation in a strong position to respond to and embed the changes brought about by Central Government reform, Transforming Public Procurement. This would bring procedural changes to those currently available in law along with further transparency requirements throughout the entire procurement cycle from the identification of need/pre-procurement, through the actual procurement phase and into the management of contractor performance and contract expiry.

Discussion ensued with the following issues clarified:-

- The Team offered advice and support to service users to run their own procurement activity
- Requisitioners could not authorise their own orders
- The new Transforming Public Procurement sought to make the process easier to investigate and included proposals around the way operationally that the Regulations worked and the terminology used
- The Reform was not likely to come into effect until 2023 at the earliest with 6 months lead-in time
- Ongoing discussion with Human Resources regarding refresher training for existing employees
- The changed processes due to the Legislation would not affect suppliers. Where new policies had been brought in, workshops had been held with key suppliers to ensure they understood how to comply with the procurement process. There had also been bidder events part way through a procurement process should an issue arise

Resolved:- (1) That the update be noted.

(2) That a further update be submitted in March, 2023.

## **85. FINAL ACCOUNTS CLOSEDOWN AND ACCOUNTING POLICIES**

Consideration was given to a report presented by Rob Mahon, Head of Service, on the closure of the accounts 2021/22.

The Council had successfully met the 2018/19 timeframes in closing its accounts after the decision to bring forward the timetable for the publication of local authorities' financial statements. However, due to the unprecedented circumstances, the closure of accounts deadlines had been extended for 2019/20, 2020/21 and 2021/22.

It should also be noted that the volume of audit review, challenge and testing that the external auditors now had to carry out also placed additional strain on the Council's resources. The timescales for the publication of the financial statements continued to be extended for the current year as a result of this additional challenge as had been discuss in detail at previous Committees.

The Local Audit and Accountability Act 2014, confers on local electors the right to inspect the accounting records, books, deeds, vouchers, contracts, bills and other documentation relating to the financial year in question. It also gave them the right to question the auditor about the accounting records or make a formal objection on a matter of public interest or because they thought an item of account may be unlawful. Under the Accounts and Audit Regulations 2015, local electors could only exercise their rights of inspection and to question the auditor or make formal objections for a single period of 30 working days commencing the

day after the unaudited accounts had been published. In order for the inspection period to commence, the Annual Governance Statement and Narrative Report (introduced by the Accounts and Audit Regulations 2015) would need to be published alongside the Council's unaudited financial statements on the Council's website. The timetable for preparing the Annual Governance Statement and Narrative Report was, therefore, being co-ordinated with the publication of the draft unaudited Statement of Accounts to meet this requirement.

The report also set out changes to the Local Authority Accounting Framework:-

- Consultation on the possible further delay of implementation of IFRS16. This disclosure, which would see the removal of operational leases, with lessees expected to recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments, was currently due to be reflected in the accounts for 2021/22. The outcome of the consultation was expected during March, 2022
- Major changes to service delivery that had taken place in 2021/22 will also have a bearing on the financial statements including the continuing effect of schools converting to academies and the impact of Covid-19

The Council's Statement of Accounting Policies (Appendix B) was reviewed and updated where necessary.

The continued implementation delay of IFRS16 was in recognition of the challenge it would present to local authority Finance Teams which would necessitate an intensive documentation gathering exercise to be able to make the transition from operational to financial and the vetting of the new processes to be put in place. Equally it would be a challenge to External Audit Teams at a time when nationally the delivery of audited accounts was behind where it would like to be.

Resolved:- (1) That the key accounting issues and main changes to the accounts in 2021/22, as listed in Appendix A submitted, be noted.

(2) That the Council's revised Account Policies, attached at Appendix B submitted, be noted.

## **86. CLOSURE OF THE ACCOUNTS 2021/22 - TIMETABLE**

Consideration was given to a report presented by Rob Mahon, Head of Service, setting out the timetable for the production of the financial statements which had to be approved by the Audit Committee by 30<sup>th</sup> September, 2022, based on the revised Regulations to be implemented for the previous 2 years (2020/21 and 2021/22).

The amended Regulations required:-

- Interim audit of the Council's accounts – to be confirmed by Grant Thornton
- Unaudited accounts, Narrative Report and Annual Governance Statement to be submitted to Audit Committee on 28<sup>th</sup> July, 2022 and published by 31<sup>st</sup> July, 2022
- Public Inspection of Draft Accounts – 1st-10<sup>th</sup> August, 2022
- External Audit of the Council's Accounts – August and September, 2022
- Audit Accounts, Narrative Report and Annual Governance Statement submitted to Audit Committee on 27<sup>th</sup> September and published by 30<sup>th</sup> September, 2022
- Council's Value for Money Audit completed – to be confirmed by Grant Thornton

Gareth Mills, Grant Thornton, informed the Committee that he was confident of delivery of the audit to the 30<sup>th</sup> November statutory deadline and the team would be trying to do as much as possible by the end of September. However, there would still be an element of the audit work still ongoing at that point.

Resolved:- That the timetable for the production of the Council's financial statements be noted.

**87. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST DECEMBER 2021 TO 28TH FEBRUARY 2022**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st December to 28th February, 2022, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

11 audits had been finalised since the last Committee meeting one of which had received Partial Assurance, 5 had received Reasonable Assurance and 5 had received Substantial Assurance as set out in Appendix B to the report.

Internal Audit also carried out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There had been one report of this type since the last meeting and was summarised in Appendix C.

Internal Audit's performance against a number of indicators was summarised in Appendix D. Target performance for the completion of audits within planned time and feedback from audit clients were achieved with targets for the issue of reports and for chargeable time were almost achieved. As part of the process for producing a Service Plan, targets were being re-examined for the new financial year.

It was noted that there were no outstanding recommendations that had passed their original due date.

Discussion ensued with the following issues raised/clarified:-

- As part of the 2022/23 Audit Plan, as well as tracking any recommendations made, follow up audits would be completed on reviews resulting in Partial or No Assurance to confirm that improvements had been made
- Stretched targets for the Audit Team would be examined for possible inclusion within the 2022/23 Service Plan

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st December, 2021, to 28<sup>th</sup> February, 2022, and the key issues that have arisen from it be noted.

(2) That the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance be noted.

(3) That an update be submitted in due course on the follow up audit for Leavers.

**88. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP) AND REVIEW AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which detailed how Internal Audit was a major source of assurance to the Council on the framework of control, risk management and governance. It was, therefore, important that it operated in conformance with Public Sector Internal Audit Standards.

The current position against the 2021 Improvement Action Plan was set out in Appendix A of the report submitted. The latest self-assessment had been completed and still showed general conformance with the Standards, however, there were still actions that could be taken to maintain and improve performance.

The outstanding actions related to the use of Computer Aided Audit Techniques and the development of further performance targets within the Team. These would be completed in 2022/23 and did not affect the standard of work carried out.

Discussion ensued with the following issues raised/clarified:-

- As in previous years, specialist IT Audit assistance would be brought in from Salford City Council
- It was the hope to bring in the use of Computer Aided Audit Techniques which provided the ability to interrogate databases and pick up duplicate transactions, names and addresses etc. to enable targeting of those transactions

Resolved:- The production and ongoing implementation of the QAIP based on the internal self-assessment be noted.

**89. INTERNAL AUDIT PLAN 2022/23**

Consideration was given to the Internal Audit Plan for 2022/23 presented by David Webster, Head of Internal Audit. The report explained Internal Audit's approach to the development of the plan, as well as detailing the specific activities Internal Audit planned to review during the year. It reflected a comprehensive risk assessment process including discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

It was designed to enable the Head of Internal Audit to give his annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The Plan would remain flexible and reviewed during the year to ensure it remained relevant.

It was noted that the document had been considered by the Strategic Leadership Team where it had been requested that an audit of complaints be included. It had also not been finalised as yet which ICT audits Salford City Council Internal Audit Service would carry out.

Discussion ensued with the following issues clarified:-

- The number days allocated to each audit was very much an estimate and may increase/decrease once the scoping exercise had taken place
- Directorates appreciated the flexibility to adjust the number of days
- As part of the Internal Audit opinion next year, external reports that had taken place would be included e.g. Ofsted
- It was not known how long the requested audit into complaints would take but there were sufficient resources

Resolved:- That the Internal Audit Plan for 2022/23 be approved.

**90. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee covering the period June, 2022 to March, 2023.

Resolved:- That the Audit Committee forward work plan, as now submitted, be approved.

**91. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

**92. CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE RISK REGISTER**

Suzy Joyner, Strategic Director, Children and Young People's Services, presented a report providing details of the Risk Register and risk management activity within the Children and Young People's Services Directorate.

She was joined in her presentation by Nathan Heath, Assistant Director, and Dean Fenton, Risk Management Champion.

The Directorate level Risk Register currently had 4 risk items listed of which 2 were included on the Corporate Risk Register:-

- SLT01 (CYPS01) – Keeping children and young people safe from harm
- SLT04 (CYPS02) – Maintaining sustainable improvement in Children's Services with a challenging budget position
- CYPS03 – Ensure the Local Authority was able to fulfil its statutory duty in relation to meeting the needs of Children and Young People with Special Educational Needs and Disability (SEND)
- CYPS04 – Ensure robust and appropriate challenge to schools to ensure Children and Young People benefit from high quality education

A regular scheduled programme of reviewing and updating Service area and Directorate level risk registers was in place across the Directorate. Risks were formally discussed and reviewed by the Directorate Leadership Team (DLT) on a quarterly basis and by individual members of DLT with their Senior Management Teams on a monthly basis.



As part of the ongoing programme to embed Risk Management into the working culture of the Council, M4, M3, M2 and M1 Managers within Children and Young People's Services had either already attended the mandatory risk management training for managers workshop or were scheduled to attend upcoming workshops in the event of new starters in line with the latest round of training. In addition, 6 CYPS officers had successfully completed the 2 days Institute of Risk Management accredited training course.

Discussion ensued with the following issues raised:-

- Possible reduction of risk rating in the future
- Consideration of percentage scores rather than whole numbers to demonstrate improvement
- What processes were in place to manage the risks associated with the possible influx of children from the Ukraine due to present day events and ensuring their needs were met

Resolved:- (1) That the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate, as detailed in the report now submitted, be noted.

(2) That an update be submitted in 6 months on the current position with regards to the Ukrainian crisis.

**93. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral.

**94. URGENT BUSINESS**

There was no urgent business to consider.

**95. DATE AND TIMES OF FUTURE MEETINGS**

Resolved:- That meetings of the Audit Committee be held as follows:-

Tuesday	28 <sup>th</sup> June, 2022
Thursday	28 <sup>th</sup> July
Tuesday	27 <sup>th</sup> September
	29 <sup>th</sup> November
	10 <sup>th</sup> January, 2023
	14 <sup>th</sup> March