AUDIT AND ACCOUNTS COMMITTEE

23rd March 2016

Meeting commenced: 10.30 a.m.
“ ended: 1.15 p.m.

PRESENT: Councillor R. Garrido - in the Chair

Councillors J Dawson, R Jones and J Murphy
Co-opted members: Anthony Bannister

OFFICERS: Jean Gleave – Head of Audit and Risk Management
Carol Stuart – Audit Manager
Mat Tanner – Principal Auditor
Miranda Carruthers-Watt – Assistant Director Legal and Governance
Mike Thomas – (Grant Thornton) Director
Tommy Rooney – (Grant Thornton) Manager
Helen Oldland– Senior Democratic Services Advisor

The meeting was pre-ceded by the completion of the committee self- assessment exercise.

1. APOLOGIES FOR ABSENCE
Apologies for absence were submitted on behalf of Councillors Walsh, Pugh, Jolley and Hinds and Rabbi Simon Grant.

2. THE COMMITTEE IS ASKED TO CONSIDER WHETHER IT AGREES TO THE INCLUSION OF THE ITEMS LISTED IN PARTS 1 AND 2 OF THE AGENDA

RESOLVED: THAT the items included on the agenda for this meeting be approved.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF PROCEEDINGS

RESOLVED: THAT the minutes of the meeting held on 27th January 2016 be approved as a correct record.

5. MATTERS ARISING

Agenda Item no 9

Grant Thornton report – A discussion had occurred, at the January meeting, in relation to how much revenue a 2% premium addition to business rates would
generate and it was noted that a reply had not, as yet, been emailed out to members. This would be followed up by the clerk to the committee and figures obtained and shared at the earliest opportunity.

Agenda item no 10

Internal Audit Progress Report- Jean Gleave informed members of the actions undertaken, following the issuing of an audit report to schools, especially when a ‘limited’ level of assurance had been issued. The actions included: the issuing of the report to Governor Services who distribute to members of the school’s governing body; meeting with the chair of governors and headteacher to discuss the report as required; and offering additional training and further support to the school business manager and headteacher in addressing the actions identified.

Finance Reports to the committee

The chair of the committee referred to the attendance of staff from the Finance division at future meetings of the Audit and Accounts committee. The panel were mindful of the appropriate use of staffing resources and it was decided that it would be at the discretion of the chair, if there were no financial reports included on the agenda, whether their attendance would be required.

RESOLVED: (1) THAT a response would be issued in regard to the potential gain if a 2% premium were added to business rates.

(2) THAT the attendance of officers from the Finance division, when no financial reports were on the agenda, would be at the discretion of the Chair.

6. CODE OF CORPORATE GOVERNANCE

Miranda Carruthers-Watt presented the above report which provided the Audit and Accounts Committee Members with the details of the mechanisms that the council has in place to ensure that its interests are sufficiently protected and that decision making is transparent and auditable. The updated code had taken into account any changes to management structures, governance procedures, policies and corporate objectives which had occurred since the last update.

Discussions took place during which reference was made to the following;

- Core principles including behaving with integrity, the Councils’ commitment to openness and transparency, access to information and the use of exemptions.
- The developing City Strategy and its links to the wider plans for Greater Manchester.
- The importance of considering the Air Quality issue as growth, investment, development and infrastructure were not without effects.
- Partnerships and collaborations with clear objectives and agreed outcomes.
- Procurement in line with corporate priorities including social value.
- Ongoing development opportunities for members and officers.
- Risk management, assurance and effective accountability.
The chair of the committee asked in regard to the role of the Audit and Accounts committee in also completing the Assurance Statement on page 26 of the document and the Monitoring Officer indicated that she would determine if this was a function for this committee and provide an update at the next meeting in June.

RESOLVED: (1) THAT the Monitoring Officer would determine the role of the Audits and Accounts committee in completing the assurance statements for the Code of Corporate Governance 2016.

(2) THAT the Audit and Accounts Committee noted the draft updated Code of Corporate Governance 2016.

7. GRANT THORNTON REPORTS

a) Audit Committee Update - 2015/16 Progress Report

Tommy Rooney presented the above report and drew the members’ attention to the recorded progress of Grant Thornton in delivering on their responsibilities as the Councils’ external auditors. The report also included a summary of emerging national issues and developments that may be relevant to the committee and a number of challenge questions in respect of these. The chair recommended that committee members keep these questions to hand to use as a guide throughout the year when discharging the functions of the committee.

RESOLVED: THAT the progress report be noted.

b) Grants Certification letter 14/15

Consideration was given to the above letter which indicated that Grant Thornton were satisfied that the Council had appropriate arrangements in place to compile, complete, accurate and timely claims/returns for audit certification. The letter highlighted the three areas where action had been required and the recommendations made to the service group to prevent a re-occurrence of these errors. Tommy Rooney confirmed that all the issues had now been verified to a satisfactory level.

The letter also provided details of the fee for 2014/15 certification work.

RESOLVED: THAT the content of the letter be noted.

c) SCC Audit Plan 15/16

Mike Thomas presented the above report and members gave due consideration to the Audit Plan for the year ending March 2016 which consisted of the following:-

- Level of financial challenge – identified savings to be delivered from the Transformation programme
- Relevant developments – including devolution
- Health and Social Care sectors including Integrated Care
The audit approach - including the earlier close down of the accounts
Highways Network Assets – future inclusion
Level of materiality
Identification of significant risks
Value for Money – new guidance issued in 2015
Key dates
Fees and Independence – one disclosure noted
Communication of audit matters to those charged with governance

RESOLVED: THAT the content of the Audit Plan be noted.

8. INTERNAL AUDIT CHARTER 2016/17

Jean Gleave presented the above report, the purpose of which was to define internal audit’s purpose, authority and responsibility. The Charter provides assurance to the Audit & Accounts Committee that Internal Audit undertakes its duties in accordance with the requirements of recognised Standards. Members’ attention was drawn to the changes made within the document since June 2015 and it was noted that Internal Audit results would continue to be shared at each of the Audit and Accounts committee meetings throughout the year.

RESOLVED: THAT the Internal Audit Charter for 2016/17 be approved.

9. INTERNAL AUDIT STRATEGY 2016/17

Jean Gleave presented the above report which provided members of the committee with the detail in regard to the Internal Audit Strategy for 2016/17. The PSIAS (UK Public Sector Internal Audit Standards) note that the internal audit plan should incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter. The Internal audit strategy sets out how internal audit intends to produce the plan of work and provide the opinions.

Members were informed that this document supported the above Internal Audit Charter and provided information as to how the following Internal Audit Plan for 16/17 was drawn together. It was noted that this was a risk-based plan of work which would test the overall robustness of the control environments that are in place across areas of the Councils’ activities in order to provide an assurance opinion.

The chair thanked the officers for an excellent report and commented that members of the committee should keep this document to hand also as it would prove useful to them throughout the coming year.

RESOLVED: THAT the Internal Audit Strategy for 2016/17 be approved.

10. DRAFT INTERNAL AUDIT PLAN 2016/17

The above report was presented by Jean Gleave and provided members with the draft work plan which had been developed by Internal Audit for the financial year
The plan was risk-based and took into account information from many sources including Service Group Risk registers, discussion with Strategic Directors, previous years’ work and work expected of Internal Audit by the Council’s External Auditors.

It was noted that work was co-ordinated across the Salford and Warrington internal audit teams with a genuine sharing of the resources and Jean explained that a separate Counter Fraud Plan was to be developed which would be shared with the committee at the meeting scheduled for June.

It was confirmed that Internal Audit would be updating members on an on-going basis throughout the coming year by means of progress reports and audit committee summaries.

RESOLVED: THAT the draft Internal Audit Plan for 2016/17 be approved.

11. INTERNAL AUDIT PROGRESS REPORT

Carol Stuart introduced the above report the purpose of which was to inform members of the resources utilised by Internal Audit during 2015/16, the activities undertaken in the reporting period, and the status of work currently being undertaken and of that proposed to the end of the fourth quarter of 2015/16.

Members were informed that a shortfall had occurred in the number of planned days achieved which was caused, in part, to team members being involved in the recovery process following the flood at the end of December 2015. The plan had since been reviewed and those audits that had not been undertaken during the above quarter were now included in the plan for 16/17.

RESOLVED: THAT the above report be noted.

12. AUDIT AND ACCOUNTS COMMITTEE TERMS OF REFERENCE 2016

Carol Stuart presented the above report regarding the terms of reference which were last approved by the committee on 25th March 2015. The report indicated a requirement that the document should be reviewed on an annual basis or with any changes to the Constitution.

Following the committee self – assessment exercise officers indicated that they would review the answers provided and determine if there were any specific areas within the terms of reference which would benefit from further amendments.

RESOLVED: THAT the changes to the Audit and Accounts Committee Terms of Reference, as detailed in the report, be approved.

13. FRAUD PROTOCOL BETWEEN SALFORD NHS CLINICAL COMMISSIONING GROUP AND SALFORD CITY COUNCIL

Consideration was given to the above report, the purpose of which was to inform members of the protocol which has been agreed between the two fraud prevention
units from Salford City Council and the NHS Salford Clinical Commissioning Group on behalf of their nominated NHS Bodies. The protocol would serve to establish, on a formal basis the responsibilities and method for the sharing when undertaking anti-fraud and corruption work between the organisations.

Discussions took place during which reference was made to the requirement to ensure that the document was very clear as to who was responsible should any problems arise and the Monitoring Officer indicated that she would follow up this line of enquiry and provide further detail in due course.

RESOLVED: (1) THAT the Monitoring Officer to review the above document in the light of the above issue.

(2) THAT the report be noted.

14. RIP A QUARTERLY REPORT

Miranda Carruthers-Watt presented the above report which indicated that, during the period 1\textsuperscript{st} January 2016 to 29\textsuperscript{th} February 2016, there had been nil RIP A cancelled (completed) cases and nil not authorised cases, as a result of which there were no cases to be considered.

Members were asked in regard to the future presentation of this report due to the fact that the RIP A regulations had changed in 2012 and no cases had been authorised since that time. Members agreed that reports would only be presented if any action had been undertaken under the revised regulations.

RESOLVED: (1) THAT a report was only required if actions had been undertaken within the reporting period.

(2) THAT the information be noted.

15. URGENT BUSINESS IN PART ONE

There were no items of urgent business.

EXCLUSION OF THE PUBLIC

RESOLVED: THAT, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the ground that they involve the likely disclosure of exempt information as specified in the paragraphs of Part 1 of Schedule 12A to the Act.

PART 2 – CLOSED TO THE PUBLIC

16. OPEN AND COMPLETED INVESTIGATIONS
Carol Stuart presented the above report which informed Members of the special investigation activity undertaken by Internal Audit and concluded during the period 1\textsuperscript{st} January 2016 to 29\textsuperscript{th} February 2016 inclusive.

RESOLVED: THAT the content of the report be noted.

17. **URGENT BUSINESS – PART 2**

There was no any other business.

18. **DATE OF NEXT MEETING**

It was noted that the next meeting was to be held on Wednesday 22\textsuperscript{nd} June 2016 at the Civic Centre, commencing at 9.00 a.m.
## Attendances 2016/2017

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(A= Apologies received)  (✓ = Attended) (Blank - No apologies received)