

Audit and Accounts Committee

Conducted as a Live Teams Meeting (audio only)

Date: 22 July 2020

Meeting commenced: 2:00pm

Meeting ended: 4:30pm

Present:

- Councillor Robin Garrido: In the Chair
- Councillors: Joshua Brooks, David Jolley, Roger Jones, John Walsh.
- Vittoria Bugana (Co-opted Member)

Invitee:

- Councillor Bill Hinds

Public: None

Officers:

- Cheryl Burrows – Senior Auditor
- Jean Gleave - Head of Internal Audit
- Joanne Hardman – Chief Finance Officer
- Chris Hesketh – Head of Financial Management
- Karen Murray - External Auditor Mazars
- Amelia Payton - - External Auditor Mazars
- Sian Roxborough – City Solicitor
- David Smith – Internal Audit Manager
- Tony Thompstone – Strategic Finance Manager
- Liz Wright - Senior Democratic Services Officer

Training Session - Statement of Accounts (presented by Chris Hesketh and Tony Thompstone)

The committee thanked Chris and Tony for their informative training session.

1. Apologies for absence

Apologies for absence were submitted on behalf of Councillor Brooks, Councillor M Pevitt and Ben Dolan.

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

Councillor Garrido declared the following interest:

- Forviva Group (Main board member for the Group, Chair of the Development Committee Member of the Audit and Accounts Committee)

4. To approve, as a correct record the minutes of the previous meeting

Resolved: That the committee approved, as a true and correct record, the minutes of the previous meeting held on 24th June 2020.

5. Matters arising

- The closing date for the applications for Independent Member vacancy was 7th August.

6. Draft Annual Governance Statement – Jean Gleave/Sian Roxborough

- The purpose of the report was to present the draft Annual Governance Statement for 2019/20.
- The Annual Governance Statement (AGS) supports the council's Statement of Accounts and outlines how the council manages its affairs to deliver high quality services and ensure that public money is spent effectively.
- The requirement to produce an Annual Governance Statement was a statutory responsibility (Accounts and Audit Regulations 2015) and the statement was a public document and was available on the Salford City Council website.
- The purpose of the governance statement was for local authorities to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they had monitored the effectiveness of their governance arrangements in the year, and to report on any planned changes in the coming period.
- The statement contained details of the mechanisms in place to ensure that the City Council's interests were sufficiently protected and that decision making was transparent and auditable.
- The statement also detailed changes to structures, governance procedures, policies and corporate objectives, which had occurred since the last update and these were highlighted to the committee.
- Attention was drawn particularly to section 5, *Significant Governance Issues including Covid19 impact*.
- The statement would need to be up to date to the point the accounts were approved and signed off.
- The Greater Manchester Spatial Framework was raised and it was agreed that the Head of Internal Audit would investigate if it should be included under future developments.
- Any further comments could be added via the CMT consultation.
- The draft statement had been presented to the Corporate Management Team on 01.07.20 and to Cabinet Briefing on 14.07.20.
- The committee were asked to approve the draft statement.
- The statement would be audited by the external auditors and the final version published on the website.

Resolved: That the draft Annual Governance Statement be approved.

7. Draft Statement of Accounts – Joanne Hardman/Tony Thompstone

- The report was presented by the Chief Finance Officer, accompanied by the Strategic Finance Manager and the committee was recommended to:
 - note the draft 2019/20 statement of accounts presented to Mazars for audit;
 - note the audit timeline;
 - note their responsibility to authorise the statement of accounts at the conclusion of the audit;
 - seek further information or explanations from officers about any part of the document.
- The 2019/20 statement of accounts and supporting working papers had been prepared and were authorised for issue by the Chief Finance Officer on 14 July 2020.
- Aspects of the report were highlighted and this included:

- the pressure around the Children’s Services budget, linked to Looked After Children and how the pressures were offset;
 - explanation of the pension liabilities;
 - an update about Covid19 funding, including that the first tranche (£9million) of the £19M funding from the Government had been received.
 - confirmation that the 2019/20 budget was balanced at year end;
 - the Collection Fund was forecast to be in deficit due to more residents being on the Council Tax Reduction scheme and anticipated reduction in collection. The Government had extended the period over which the Collection Fund deficit was to be cleared to general fund;
 - clarification that the £6.73M was shown in the budget for school expansion was received in 2019/20 but was for use in 2020/21;
 - confirmation that the GM precepts breakdown would be included in the statement.
 - the extent of the reserves and that the earmarked reserves also included grants received that would be spent in 2020/21;
 - the reserves were towards the lower end for authorities in Greater Manchester (GM) and for an authority of Salford’s size.
- There was a question about the airport dividend and it was commented that there was a possibility that no dividend would be paid in 20/21 due to Covid19 and that this would be reflected in the budget monitoring statements going forward.
 - They were also presented to Mazars, the appointed auditor, on that date and the accounts were electronically circulated for information and consideration by the committee members and published on the council’s internet pages.
 - The audit process would conclude in September and the committee would receive the auditor’s report at its meeting in September alongside a revised draft of the accounts, incorporating any changes agreed during the audit.
 - The committee would be asked to give approval for the revised draft to be published as the council’s formal audited statement of accounts for 2019/20 and it was agreed that the formal audited statement of accounts for 2019/20 would be presented to the October 2020 meeting for approval by the committee.
 - The Chair confirmed that this timeline was reasonable and in line with the Government’s revised guideline for the approval of accounts following the impact of the Coronavirus.
 - The opportunity for members to seek further information on the accounts will extend throughout the audit.
 - The Chair asked for the thanks of the committee to be passed on to all the staff for their hard work that had gone into preparing the detailed accounts.

Resolved: That:

1. The recommendations in the report as listed above were noted.
2. The audited Statement of Accounts would be presented to the October 2020 for approval by this committee.
3. The thanks of the committee to be passed on to all the staff for their hard work that had gone into preparing the detailed accounts.

8. Budget update – Joanne Hardman

- The Chief Finance Officer gave an update that included the following.
- The Overview and Scrutiny Board had been updated and was receiving a monthly return on Covid19 costs/losses. The June return had shown a £57M impact mainly associated to

income loss. The underlying assumption was that where effects were recurrent it would impact on the budget over a 6 month period.

- Government funding of £19M over three tranches was available to address the £57M pressures in the budget.
- The first 20/21 budget monitoring statement was going to the Lead Member for Finance and the CMT.
- There was a review of the potential proposal to use £4M of the reserves (earmarked and some general reserves).
- In terms of issuing a 114 Notice, everything was being done to avoid this and it was viewed very much as a last resort, as spending would be limited to statutory spending.
- Some Government funding had been received via GMCA, which amounted to £4M currently and had included £2M for infection control.
- Ring fenced Government funding for business had been passported to local businesses via the city council but did not offset any of the £57M pressure on the budget.
- There was a financial risk of losses from business rates due to bankruptcies, which would not be recoverable.
- The Collection Fund deficit increase was due to more residents being on the Council Tax Reduction scheme and anticipated reduction in collection as previously discussed.
- The Government expected the city council to assess what was and was not recoverable and this would be presented at the next Overview and Scrutiny Board in the next couple of weeks, for review.
- A concern was voiced that all the hard work that had gone into increasing council tax collection could be undermined due to Covid19.

Resolved: That the committee noted the updated.

9. RIPA Annual Report – Sian Roxborough

- The City Solicitor introduced the report, which updated the members with details of:
 - RIPA(Regulation of Investigatory Powers Act 2000 activity/applications from 1st April 2019 to 31st March 2020.
 - Current plans to amend / update the authority's RIPA procedural guide .
 - The RIPA training delivered to officers from 1st April 2019 to 31st March 2020.
- The report recommendations were to:
 - Note the current position in respect of RIPA activity/applications, procedures and practice.
 - Approve that the RIPA Policy and Procedures document should be reviewed and updated.
 - Note that when completed, the draft updated RIPA Policy and Procedures document will be reported back to the Audit and Accounts Scrutiny Committee for comments prior to Cabinet approval.
- There had been no RIPA applications this year and there had not been any since 2013.
- Most investigations were carried out overtly rather than covertly so RIPA authorisation was rarely required by the authority. The infrequent use of RIPA powers was common across the country, as these powers were only used as a last resort.
- RIPA authorisation was acquired via the Magistrates Court.
- Covert Human Intelligence Sources (CHIS) training was scheduled for 2nd September.
- The IPCO (Investigatory Powers Commissioner's Office) inspection had been taking place during the day and the outcome letter would be presented to a future meeting of this committee.

Resolved: That the committee:

1. noted the current position in respect of RIPA activity/applications, procedures and practice;
2. approved that the RIPA Policy and Procedures document should be reviewed and updated;
3. note that when completed, the draft updated RIPA Policy and Procedures document will be reported back to the Audit and Accounts Scrutiny Committee for comments prior to Cabinet approval.

10. Urban Vision Update Presentation – Shoaib Mohammad

- The Assistant Director Technical Services gave a PowerPoint presentation to update members on the UV transition, which included the following.
 - Operational issues
 - Human Resources
 - IT
 - Procurement
 - Commercial/legal
 - Finance
 - Next steps
- The transition, back to the city council in January, had been successful.
- There had been no changes in terms and conditions for staff as all had been honoured under TUPE.
- There was a number of gaps in staffing (in health and safety and at a junior level).
- There was more work needed on quality and H&S manuals to bring them in line with the city council.
- Recruiting to some roles was proving challenging, where the salary rates were not proving to be competitive and so could need a market supplement to be applied when re-advertised.
- A training matrix was in place for staff with integration training tailored to the needs of individuals.
- Governance and reporting standards had been established.
- The IT transition had been completed in February before lockdown so the impact of the lockdown had been negated.
- A review was happening over the first 12 month period so that permanent systems could be put in place.
- In terms of procurement, any exceptions had been through the Procurement Board and a review of procurement was being completed over a 12 month period.
- Final invoices had been issued by the end of May with only two schemes accounts left to finalise.
- Finance systems were now fully integrated and £2M in savings had been given back to the city council.
- Depot overheads had been significantly reduced and the savings had been passed onto the Highways Department of the council.
- The members congratulated everyone in UV on the very successful transition.

Resolved: That the committee noted the update and asked for their congratulations to be passed on to all the staff in UV.

11. External Auditors – Mazars

11a Letter: Request for declarations from Audit and Accounts Committee Chair

- The External Auditor presented the request letter. They confirmed the questions had not changed from last year.

Resolved: That the committee noted the request letter.

11.b Response Letter: To the requests for declarations from the Audit and Accounts Committee Chair

- The External Auditor presented the letter from the Chair of the Committee responding to the questions. The External Auditor confirmed they had no concerns with the responses.

Resolved: That the committee noted the response letter and the External Auditor's comment.

12. Audit Fee Scale Letter 2020-21 – Public Sector Audit Appointments (PSAA)

- The External Auditor confirmed that the scale fee had not changed from last year. It was confirmed that actual charges could increase in the year.

Resolved: That the committee noted the Audit Fee Scale Letter.

13. URGENT BUSINESS – PART 1

There was no urgent Part 1 business.

14. 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

15. Urgent business – Part 2

There was no urgent Part 2 business.

16. Date of the next meeting

The dates of the future meetings listed below were confirmed and it was agreed that members would meet from 1:45pm for the 2pm start.

- Wednesday 23 September 2020 at 2pm
- Wednesday 21 October 2020 at 2pm
- Wednesday 20 January 2021 at 2pm
- Wednesday 24 March 2021 at 2pm

Committee Members attendance 2020/21

✓ = present; A = Apologies submitted; Blank = No apologies submitted.

Councillor	Jan	March	June	July	Sept	Oct	Jan	March
Councillor R Garrido (chair)	✓	Cancelled due to Covid19	✓	✓				
Councillor J Brooks	✓	Cancelled due to Covid19	✓	A				
Councillor P Coen		Cancelled due to Covid19						
Councillor D Jolley	✓	Cancelled due to Covid19	✓	✓				
Councillor R Jones	✓	Cancelled due to Covid19	✓	✓				
Councillor M Pevitt	✓	Cancelled due to Covid19	✓	A				
Councillor John Walsh	✓	Cancelled due to Covid19	✓	✓				
Councillor B Hinds (invitee)	A	Cancelled due to Covid19	✓	✓				
Vittoria Bugana (co-opted member)	✓	Cancelled due to Covid19	✓	✓				