

Audit and Accounts Committee

Conducted as a Live Teams Meeting (audio only)

Date: 25 November 2020

Meeting commenced: 2:00pm

Meeting ended: 2.30pm

Present:

- Councillor Robin Garrido: In the Chair
- Councillors: Joshua Brooks, David Jolley, John Walsh.
- Co-opted Members: Edoardo Bucci
- Invitee: Councillor Bill Hinds

Public: None

Officers:

- Cath Andrews – External Auditors Mazars
- Jean Gleave - Head of Internal Audit
- Chris Hesketh – Head of Financial Management
- Karen Murray - External Auditor Mazars
- Sian Roxborough – City Solicitor
- Tony Thompstone – Strategic Finance Manager
- Liz Wright - Senior Democratic Services Officer

1. Apologies for absence

Apologies were received from Joanne hardman, Chief Finance Officer (CFO).

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

It was confirmed that all items were Part 1 items.

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 21st October 2020.

5. Matters arising

There were no matters arising from the minutes.

6. External Auditors: Audit Completion Report

Karen Murray (External Auditor – Mazars) introduced the report and highlighted the following.

- It was an update for the report presented in September. The issues highlighted as still to be completed in that report had been largely updated.
- The only outstanding item for the completion of the audit was for the external auditors to receive the letter of representation and the signed accounts from the council.
- The external auditors intent was to issue an unqualified opinion on the council's accounts.

- There would be an emphasis of matter on two items:
 - The material valuation uncertainty on the council's owned properties;
 - The material valuation uncertainty on the property held by the pension fund;
- These material valuation uncertainties reflected were not of a particular concern, as they reflected the difficulties valuers faced valuing properties when the country went into lockdown in March. The Royal Institute of Chartered Surveyors issued guidance to valuers that to suggest that a material valuation uncertainty at 31.03.20 was appropriate and the council's valuers had reflected that in their report.
- The external auditor would issue an unqualified value for money conclusion, as reported at the October meeting.
- At the October meeting the following were highlighted and had now been resolved:
 - The management override of contrails work had been completed.
 - The valuation of property, plant and equipment (PPE) required to be drawn to the attention of the committee, due to an understated valuation of land and buildings to the total of £462,000 but it was confirmed this did not require the accounts to be amended.
 - There had also been an adjustment required between debtors and cash and this had been due to a simple coding error, which had been amended.
 - There were some minor amendments to the disclosures in the notes for the accounts and these had been rectified and had no significance in terms of the council's financial position but had to be corrected for compliance reasons. These were read out to the committee. The most significant being in relation to council leases.
- The external auditor thanked the Finance Team for the support they had received to enable them to carry out the audit, during the pandemic.
- The external auditors recommended that committee could approve the accounts, sign the letter of representation and then the external auditors could sign off the audit, which could be done by the weekend if the committee completed these actions.

The external auditor invited questions from the members and the following were raised.

- The Chair asked about the £462,000 asset valuation and whether or not it needed to be dealt with under this year's accounts or would it be addressed next year. It was confirmed that it would come under next year's accounts and that they were minor errors and were not issues that an amendment would be expected for.
- A member asked about physical verification of assets and asked if for the valuation of PPE, the management had any input over the assumptions that were used and what approach was used on the audit. The External auditor confirmed that the approach to the audit was largely substantive testing approach (carried out by the external auditors) and internal audit was not relied on for assurance for any aspect of the audit (as this was not allowed) but the outcomes of the work of internal audit were examined to see if it raised any issues to be further investigated. The external auditors confirmed they took a sample of the PPE valuations and verify them. There were issues caused by the pandemic, such as the assets in Salford museum, which could not be visited but staff provided photographic evidence of assets in situ.
- A member asked if valuations needed to be updated would they get picked up next year. The external auditor confirmed they were satisfied that the valuations were materially correct as of 31.03,20 and that the valuers would review them next year and pick up any changes. In terms of the airports valuation, it was confirmed it was carried out by an independent valuer and the external auditors had brought in a further independent valuer to check the valuation, so two independent valuers were used. It was commented that the valuation could change post pandemic and this would be picked up next year.
- The Chair asked if the risk connected to the airport and pensions had been correctly stated by the council and the Head of Financial Management confirmed it had and this was verified by the external auditors.

- The Chair asked about the £6M adjustment on assets and it was confirmed that it was due to an error that had been rectified.
- The Chair asked the members to vote on the acceptance of the Audit Completion Report and the vote was unanimous in favour of accepting the report.

Resolved: That, committee accepts the Audit Completion Report.

7. Statement of Accounts 2019/20

The Head of Financial Management (Chris Hesketh) thanked and commended the external auditors for their work and that the work of the Finance Team during these very challenging circumstances and for producing the Statement of Accounts had been recognised by the auditors. The Strategic Finance Manager (Tony Thompstone) introduced the report and highlighted the following.

- The report was an update on the previous report presented at the September meeting.
- The report recommended that members:
 1. considered the contents of the auditor's Audit Findings report and this complementary report and, should they wish, request further detail on any issue of concern;
 2. authorised the changes to the statement of accounts outlined in the audit findings report;
 3. authorised the committee chair to sign the statement of responsibilities within the statement of accounts and the letter of representation
 4. noted the representations to be made by the Chief Finance Officer in Appendix B.
- Table 1 was highlighted to show the debtors and cash error that was discussed under the previous item and confirmed that it did not materially affect the accounts.
- The revised balance sheet was highlighted and other changes required by the external auditors were highlighted to confirm they had been enacted.
- If the members were satisfied with the Statement of Accounts they could approve them and then the CFO would send the letter of representation as outlined in Appendix B and the accounts would be signed by the Chair.

The Strategic Finance Manager invited questions from members and the following were raised.

- The Chair asked if the borrowing figures included unsupported borrowing and it was confirmed that they did.
- The Chair commented that the accounts would not take account of any Government Covid19 grants that would have been received after 31.03.20 and that these would show in the accounts from 2020/21 and this was confirmed.
- The Chair asked members to vote on the recommendations as stated in the report and they were all approved unanimously.
- On behalf of the committee, the Chair thanked the all the officers in the Finance Team for their hard work and commitment during the pandemic to provide all the information required by the external auditors and for producing the Statement of Accounts within the deadlines and despite the very challenging circumstances.

Resolved: That, the committee approves the Statement of Accounts and all accepts all recommendations in the report.

8. URGENT BUSINESS – PART 1

There no urgent Part 1 business.

9. EXCLUSION OF THE PUBLIC

Part 2 – Closed to the Public

There were no items of Part 2 business.

10. Urgent business – Part 2

There was no urgent Part 2 business.

11. 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 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	Nov	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				A			
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	✓	✓	✓	A	✓		
Vittoria Bugana (co-opted member)	✓	Cancelled due to Covid19	✓	✓	A	✓			
Edorado Bucci (co-opted member)							✓		