

Audit and Accounts Committee

In person meeting in The Salford Suite, Salford Civic Centre.

Date: 22nd June 2022

Meeting commenced: 2:30pm

Meeting ended: 3:35pm

Present:

- Councillor Les Turner: In the Chair
- Councillors: Roger Jones, Teresa Pepper, Gina Reynolds, Alexis Shama, Nathaniel Tetteh (Vice-Chair).

Co-opted Member:

- **Edoardo Bucci**

Public: None

Officer attending online: lolanda Puzio – City Solicitor and Monitoring Officer

Officers:

- Simon Bleckly – Head of Internal Audit
- Joanne Hardman – Chief Finance Officer
- Karen Murray - External Auditor (Mazars)
- David Smith – Internal Audit Manager
- Christine Wood – Senior Democratic Services Officer

1. Apologies for absence

Apologies were received from Councillors Damian Bailey, Bill Hinds and Michael Pevitt.

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

- There were no part 2 items for the Committee to consider.

3. Declarations of interest

There were no declarations of interests.

4. To approve, as a correct record, the minutes of the previous meeting held on Wednesday, 31st March 2022

Resolved: That, the Committee approved, as a true and correct record, the minutes of the previous meeting held on Wednesday, 31st March 2022.

5. Matters arising

5a. There were no matters arising.

6. Audit and Accounts Committee Self-Assessment of Effectiveness – Simon Bleckly

The Head of Internal Audit (HOIA - Simon Bleckly) introduced the report requesting that the Committee consider the results of the Members' self-assessment exercise which had been completed at the meeting of the Committee on 31st March 2022. The results of the survey were attached to the report at Appendix 1.

- The Committee was reminded that CIPFA guidance on best practice for Audit Committees, as laid down in the “Audit Committees – Practical Guidance for Local Authorities” suggested that an Audit Committee should review its effectiveness on an annual basis.
- The guidance indicated that a self-assessment questionnaire/self-evaluation approach may be utilised.
- The next step was for the Committee to consider if any action was required to increase the effectiveness of the Committee. Any agreed action would form the basis of a development plan.
- The Committee was advised that no criteria in the survey had scored below 3 by any Member during the exercise.
- The average scores indicated strong confidence by Members in the Committee’s effectiveness.
- The report acknowledged that the exercise had been carried out prior to the recent elections and that since then, there had been a significant change in membership of the Committee.
- It was further acknowledged that the scores may not necessarily reflect the view of the newly constituted Committee.
- The self-assessment was only a starting point for a discussion about training and development needs for the year ahead and that Committee members did not need to feel constrained by the scores if they felt that they were not currently at the level of understanding in any particular areas.
- There was capacity available to provide training and support in any of the areas included in the self-assessment.

The Chair invited comments and questions from the members and the following was raised:

- A member requested that training be provided in the area of Treasury Management.
- A member stated that the CIPFA guidance was good and that the survey had been effective.

The Chair thanked the HOIA for the report.

Resolved: That the Audit and Accounts Committee notes the report/survey result.

7. The Annual Report of the Chair

The Committee was advised that the Annual Report of the Chair had been deferred to the next meeting to be held on Wednesday, 27th July 2022.

8. Annual Report of the Head of Internal Audit 2021/2022

The HOIA introduced the report the purpose of which was:

1. To inform the Committee of Internal Audit activity during 2021/22; and
 2. To provide the HOIA Audit’s annual opinion on the overall adequacy and effectiveness of the Council’s Governance, risk management, and control processes.
- Details of the opinion were attached to the report at appendix 1, which advised that **Satisfactory assurance** could be given on the overall adequacy and effectiveness of the Council’s governance, risk management, and control processes (i.e., the system of internal control). There was generally a sound system of internal control designed to achieve the Council’s objectives and controls were generally being applied consistently.
 - The report detailed the activity of Internal Audit during 2021/22 and the committee was recommended to note the contents of the report as attached at Appendix 1.

- The information was an important part of the corporate governance framework to feed into the Annual Governance Statement (AGS) and highlighted areas of assurance used by the Audit and Accounts Committee.
- Since the middle of March 2020, the internal audit and counter fraud teams had been supporting the Council's response to the pandemic when required. This had interrupted on the routine Internal Audit work and the capacity of services to work with Internal Audit, which had affected completion of the internal audit planned work for 2021/22.
- The report outlined the following:
 - The process of arriving at the Opinion
 - A summary of the Internal Audit Work used to inform the Opinion
 - Audit Outcomes
 - An Assessment against the Public Sector Internal Audit Standards
 - Internal Quality Assurance and Improvement Programme
 - Internal Audit Developments
 - Working Relationships
- Also included in the report were details of the Audit Plan 2021/22, Levels of Assurance and Priority of Actions.
- The Chair invited questions and comments from members and the following was raised:
 - A Member enquired around the Government grants and how the payments to businesses and individuals had been made.
 - The importance of the assurance of the distribution of the grants was highlighted and that the Council had maintained an extensive, layered approach to the assurance framework around the grant payments in order to minimise the Council's exposure to risk and help ensure accurate payments were made.
 - Business grants were mostly processed well, but officers had been drawn away from routine business, in particular from the Council's business rates and Council tax teams in addition to Internal Audit, with as yet unclear impact on the routine work.
 - The external auditor provided some national level insight:
 - The process was still being refined by the Government.
 - All grants allocated were now being reviewed.
 - As there had been no suitable software provided by the government, initially grants had been recorded on spreadsheets
 - There had been a dilemma of balancing risk (fraud) with speed of payment in very challenging circumstances.
 - A Member enquired around the budget setting and the effects of inflation.
 - The Committee was advised that £1.2 million was built into the budget to allow for inflation. The only exception to this rule was energy costs.
 - Issues could be addressed in the Medium-Term Financial Strategy.
 - A Member enquired around recruitment. The Committee was advised of the wide scale difficulties in recruiting to Audit vacancies. It was hoped to recruit to two entry level / graduate positions.
 - Finance have had previous success working with the Salford, Manchester and Leeds Universities, having been made them aware of opportunities and placements available at Salford Council.

Resolved: That, the Audit and Accounts Committee note the report.

9. Code of Corporate Governance

- The City Solicitor and Monitoring Officer (Iolanda Puzio) introduced the report presenting a draft of an updated 2022 Code for Salford City Council. The draft code was attached to the report at Appendix 1.
- The Committee was advised that the Code took account of changes to structures, governance procedures, policies and corporate objectives which had occurred since the last update.
- The Committee was further advised that Local Authorities were required to produce an annual Code of Corporate Governance (the Code) and that the Code contained details of the arrangements the Council had in place to ensure that the Council's corporate governance arrangements were legally compliant, transparent and appropriate.
- It was reported that the code had been produced in consultation with each Directorate and had been discussed at the Corporate Management Team meeting on 8th June 2022.
- It was further reported that there had been a number of minor changes since the last code had been produced which reflected changes to structures, governance procedures, policies and corporate objectives which had occurred since the last update.
- The Code still reflected the impact of the COVID-19 pandemic on the Council's governance arrangements, given the ongoing significance throughout the last year.
- The draft Corporate Code of Governance complemented the Annual Governance Statement which would be audited by our external auditors, along with the Council's Annual Accounts. The Code was a public document and would be published on the Council's website.

The Chair invited questions and comments from members and the following was raised:

A member requested that details of the Climate Action Board which was Chaired by Councillor McCusker be included within the Code.

Resolved: That, the Audit and Accounts Committee approve the Code of Corporate Governance subject to the inclusion of details of the Climate Action Board as detailed above.

10. Internal Audit Annual Strategy and Plan 2022/23

The HOIA introduced the report and highlighted the following:

- The report advised the Committee of the Internal Audit Strategy and work plan, developed for the financial year 2022/23 which was attached to the report at Appendix 1.
- The report had been presented to the Committee at the last meeting held on 31st March 2022 as a draft.
- There had been no material changes since, other than adding details of the individual schools to be audited as part of the 2022/23 plan.
- The strategy set out how internal audit produces the plan of work and resources that work. It links with the Internal Audit charter and Quality Assurance and Improvement Programme.
- It was risk-based and took into account information from various sources such as Strategic Risk Register; Service Group risks; discussions with Strategic Directors; previous years' work; and those pieces of work expected of Internal Audit by the Council's External Auditors.
- At an aggregate level, the strategy and plan were designed to provide a degree of assurance to the Audit and Accounts Committee that the Council's key risks were being managed appropriately.

- The Committee was advised that the detailed plan (as attached at Appendix A) included 12 months audit work and that much of this work had been carried forward from the 2021/22 Audit Plan as a consequence of the pandemic and its impact on the work of internal audit. The audits brought forward had been considered by internal audit and the respective Council Leadership teams and deemed to remain relevant and a priority.
- It was reported that it was currently unclear what, if any, impact the ongoing pandemic would have on delivery of the 2022/23 audit plan. The Government continued to introduce new support schemes in response to the pandemic, requiring internal audit support and assurance. The impact of the pandemic on services across the Council continued to affect their responsiveness and capacity to be audited.
- It was further reported that due to changes in staffing within the internal audit team and our partner internal audit team at Warrington Borough Council there was a shortfall in resource of around 1.3 FTE, reducing temporarily the days available to undertake audit work in 2022/23 by a fifth. Action was being taken to address this, but the timescales were uncertain as they depended on successful recruitment.
- The Committee was advised that Internal Audit would provide updates on an on-going basis through the year by means of regular Progress Reports and Audit Committee Summaries.

Resolved: That, the Audit and Finance Committee approve the Internal Audit Strategy and Plan for 2022/23.

11. Audit Planning Update 2021/22 and Progress Report

- The External Auditor (Karen Murray, Mazars) provided an update on the progress on the 2021 audit reminding that Mazars Completion Report had been presented at the meeting of the Committee in October 2021.
- The Committee was advised that the audit opinion had not yet been issued as there were two outstanding issues:
 1. The accounting treatment of the pension liability for social care staff who transferred across the NHS Trust as part of the integration of health and social care services; and
 2. The accounting for infrastructure assets.
- It was reported that this was a national issue (2) affecting all Councils with material infrastructure balances and that CIPFA had set up a Task and Finish Group to consider the issue in more detail. CIPFA LASAAC had undertaken an emergency consultation on a proposed temporary solution. The outcome of the consultation was expected in June 2022.
- The Committee was also advised of the outcome of the VFM audit in relation to arrangements that the Council had for securing economy, efficiency and effectiveness in its use of resources in the following areas:
 - Financial sustainability
 - Governance
 - Improving economy, efficiency and effectiveness
- It was reported that no risks of significant weaknesses in arrangements had been identified and no actual significant weakness in arrangements had been identified.
- It was stressed that although no significant weaknesses had been identified, this did not mean that the Council was financially sustainable, inflation and energy costs were referred to.
- Key planning issues for 2021/22 Audit and responsibilities were also outlined in the update. It was reiterated that completion of the audit had been significantly delayed in the previous two years and one of the objectives for this year was to complete the audit in line with the national timetable.
- The Committee would be informed as the Audit progresses.

Resolved: That, the Audit and Finance Committee note the Planning Update and Progress Report.

12.Appointment of Independent Members for Salford City Council

- A copy of a job description relating to the Appointment of an Independent Member for Salford City Council Audit and Accounts Committee was presented to the Committee for approval.
- The Committee was advised that the annual allowance of £387.84 would be reviewed by HR prior to the position being advertised.
- A discussion took place around how the role may be advertised in addition to GM Jobs to attract candidates such as the Council website or financial/audit publications.

Resolved: That:

1. The job description be approved by the Audit and Accounts Committee subject to review of the annual allowance; and
2. That the Chair of the Audit and Finance Committee, the Head of Internal Audit and Councillor Gina Reynolds would make up the recruitment panel to recruit to the position.

13.The work programme

- The work programme was agreed subject to amendments as agreed at the meeting.

Resolved: That, the Audit and Finance Committee approve the work programme subject to amendments as agreed at the meeting.

14.URGENT BUSINESS – PART 1

There was no urgent Part 1 business.

15.Date of the next meeting

The date of the future meeting listed below were confirmed and it was agreed that members would meet from 1:15pm for the 2pm start.

- Wednesday 27th July 2022 at 2pm (1:15pm for members)

Committee Members attendance 2022/23

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

Councillor/Member Name	June 22.06.22	July 27.07.22	Sept 28.09.22	Oct 26.10.22	Jan 25.01.23	March 22.03.23
Councillor L Turner (chair)	✓					
Councillor D Bailey	A					
Councillor R Jones	✓					
Councillor T Pepper	✓					
Councillor M Pevitt	A					
Councillor G Reynolds	✓					
Councillor A Shama	✓					
Councillor N Tetteh	✓					
Councillor B Hinds (invitee)	A					
Edoardo Bucci (co-opted member)	✓					