

AUDIT PANEL

26 July 2022

Commenced: 14:10

Terminated:15:10

Present: Councillors Naylor (Chair), M Smith (Deputy Chair), Bray and Billington

In Attendance:

Sandra Stewart	Chief Executive
Kathy Roe	Director of Finance
Caroline Barlow	Assistant Director of Finance
Christine Weston	Interim Head of Risk Management and Audit Services
Karen Murray	Mazars
Daniel Watson	Mazars

Apologies for Absence: Councillors L Boyle, Kitchen and Ryan

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The minutes of the Audit Panel meeting on the 15 March 2022 were approved as a correct record.

3. EXTERNAL AUDIT PROGRESS REPORT

The report provided the Audit Panel with an update on External Audit Progress in delivering their responsibilities. It also included a summary of recent national reports and publications.

It was reported that work on the 2020/21 Financial Statement continued, Mazars worked closely with the Council's finance team to resolve remaining audit queries.

Responses to initial queries led to the Council's valuers providing revised valuations for inclusion in the financial statements. Mazars had reviewed these revised valuations and, subject to clearance of a small number of follow up queries, Mazars were satisfied these valuations were appropriate. The finance team had updated the draft accounts to incorporate the required changes and we are in the process of testing the audit adjustments.

Since the last update report, a national technical issue had arisen in respect of accounting for infrastructure assets. CIPFA were currently working to resolve this issue, at which point the Council's financial statements could need further amendment. Audit firms had paused signing audit reports for authorities with significant infrastructure asset balances until this issue was resolved. Mazars aimed to complete the audit once new guidance was available and any necessary amendments had been made to the draft accounts.

In regards to 2020/21 Value for Money arrangements audit work Mazars had previously reported to Audit Panel that the revised NAO Code of Audit Practice had changed the work on the Council's value for money arrangements for 2020/21. Mazars had regular discussions with Council officers to understand the Council's arrangements, and received supporting evidence and information on the Council's arrangements in January. The value for money work required Mazars to consider reports from other regulatory bodies. Following the review of Ofsted reports, Mazars had identified a risk of significant weakness in the Council's arrangements in respect of Children's services.

The Audit Progress Report set out risks of significant weakness in arrangements. Over the past 12 months, Ofsted had issued a number of reports following focused visits to the Council and an inspection of the Council's SEND services. Each report identified areas for improvement and areas

for priority action. The SEND inspection required a Written Statement of Action from the Council and Clinical Commissioning Group because of significant areas of weakness in the area's practice. These matters indicated a risk of significant weaknesses in proper Arrangements. Mazars planned procedures included:

- Discussions with relevant Council Officers
- Review of agreed improvement plan and delivery tracker
- Review of Improvement Board meeting minutes
- Review of any Ofsted follow up inspection reports

Discussion ensued between the Panel on the national technical issue in respect of accounting for infrastructure assets. It was explained that this was a national issue and that the audit would be completed once the new guidance was available.

RESOLVED

That the report be noted

4. TREASURY MANAGEMENT YEAR END

Consideration was given to a report of the Executive Member for Finance, Resources and Transformation / Director of Finance. The report set out the Treasury Management activities for the financial year 2021/22.

The Finance Business Partner explained that Treasury Management was a critical activity to ensure Value for Money in the use of public funds. It was concerned with safely managing the working capital of an organisation, managing its cash flows, investments, money markets and banking.

It ensured that public funds work for us, and were safely maximised, without undertaking high-risk investments. It was unrelated to the Revenue Budget of the Council.

This report provided an overview of the Treasury Management activities of the organisation over the last 12 months. At year end, the total investment balance was £144m and total long term borrowing was £141m.

The current strategy was designed to ensure that borrowing costs were kept low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments were involved, the policy was to ensure the security of the asset rather than pursue the highest returns available.

Members were advised that due to a combination of strong investment returns and borrowing being taken up at a time of favourable interest rates, there had been an overall saving on the Council's borrowing costs of £699,000 and interest earned on day-to-day investments of £667,000. This exceeded the benchmark LIBOR / LIBID indicators by £334,000.

RESOLVED

Members are recommended to:

- Note the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).**
- Note the outturn position for the prudential indicators in Appendix A.**

5. REVIEW OF INTERNAL AUDIT 2021/22

Consideration was given to a report of the Director of Finance. The report reviewed Internal Audit and measures practices and performance of the Internal Audit function against the standards set out in the Public Sector Internal Audit Standards (PSIAS).

It was reported that the Self-Assessment conducted in May 2022 confirmed that Internal Audit conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note 2019.

From the review of Internal Audit, it could be concluded that Internal Audit helped the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes in accordance with the Public Sector Internal Auditing Standard's definition. Taking on board the positive comments received from Senior Management Teams, Executive Members and the Audit Panel, assurance could be given that the Council had an adequate and effective Internal Audit function which contributed to the overall effectiveness of the system of Internal Control.

RESOLVED

That the report be noted.

6. RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2021/22

Consideration was given to a report of the Interim Head of Risk Management and Audit Services. The report summarised the work performed by the Service Unit and provided assurances as to the adequacy of the Council's System of Internal Control.

The Interim Head of Risk Management and Audit Services highlighted major achievements of the Service Unit for 2021/22:

- The implementation rate for audit recommendations was 86%.
- The percentage of Planned Audits completed was 91%.
- Grant claims reviewed by Internal Audit during 2021/22 have resulted in grants totalling £82,871 being withheld and Fraudulent claims totalling £150,119 being investigated and pursued through to recovery.

The report presented to the Audit Panel on 16 March 2021 provided an overview of the work planned for 2021/22 for the Service Unit. The Original Annual Audit Plan of 1,666 Days was detailed in the report and approved by the Audit Panel. The Audit Plan, however, as reported during the year had been revised on a regular basis to ensure that it was aligned to changes in service priorities, risks, directorate structures and resources available.

The Actual Days delivered to 31 March 2022 of 1,508 were 76 less than the Revised Plan of 1,584 days. The shortfall is a result of the unanticipated loss of an Auditor in March 2022, additional professional training as a member of the team commenced the Association of Accounting Technicians Qualification (AAT) part way through the year and further intensive on the job training for the developing Auditors/Senior Auditor.

The report set out the wider variety of work undertaken during the period. A summary of the audit opinions issued in relation to risk/system based audit work for 2021/22, compared to 2020/21 and 2019/20 was detailed in the report.

Twenty seven Post Audit Reviews had been completed in total during 2021/22. The percentage rate of all recommendations implemented for 2021/22 is 86% compared to 88% in 2020/21.

In regards to anti-fraud work, During 2021/22, fifty six COVID-19 Business Support Grants have been investigated by the Corporate Fraud Team for both Exchequer Services and the Place Directorate. Table 9 below summarises the outcome of the work undertaken by the Fraud Team as at 31 March 2022. It shows that grant applications totalling £82,871 were stopped before payment due to inconsistencies in the application. After review grants totalling £150,119 are being recovered via invoice and grants to the value of £38,241 are still being investigated.

The data sets for the National Fraud Initiative (NFI) 2020 Exercise were uploaded to the Cabinet Office' Secure System in October 2020 and the initial matches identified for Tameside were

received in February 2021. The majority of High Rated Matches had now been investigated and 32 Frauds and 211 Errors totalling £156,585, had been identified from the Exercise.

The Interim Head of Risk Management and Audit Services advised the Panel that The Audit Panel could take reasonable assurance that the Council's arrangements to secure governance, risk management and internal control were suitably designed and applied effectively.

RESOLVED

That the report and performance of the service during 2021/22 be noted.

7. ANNUAL GOVERNANCE REPORT 2021

Consideration was given to a report of the Director of Finance. The report detailed the Draft Annual Review against the Code of Corporate Governance for 2021/22, the Draft Annual Governance Statement for 2021/22 and the Code of Corporate governance 2021/23.

A review has been completed assessing the Council's position against the approved Code of Corporate Governance in order to demonstrate compliance, ongoing developments/ improvement and to prepare for the compilation of this year's Annual Governance Statement which was required, by the Accounts and Audit Regulations 2015 (as amended). The document was attached at Appendix 1 and incorporated comments received from the Senior Leadership Team.

The Draft Annual Governance Statement for 2021/2022, which had been drawn up using the guidance contained within Delivering Good Governance in Local Government - Framework issued in 2016 was attached at Appendix 2 and incorporates comments received from the Senior Leadership Team.

The Draft Annual Governance Statement will be presented to our External Auditors Mazars as part of their audit of the Statement of Accounts. The final version incorporating any updates and comments would be presented to the Audit Panel on 27 September 2022 for approval. It would then be signed by the Executive Leader and the Chief Executive and presented formally to Mazars.

The Code of Corporate Governance 2021/23 was based on the guidance document issued in 2016 - Delivering Good Governance Framework 2016 and was attached at Appendix 3. The document covered a two year period as there was no scheduled update to the guidance.

RESOLVED

That the report is noted and documents are approved:-

- (i) Draft Annual Review against the Code of Corporate Governance for 2021/2022 at (Appendix 1).**
- (ii) Draft Annual Governance Statement for 2021/2022 at (Appendix 2).**
- (iii) Code of Corporate Governance 2021/23 shown at (Appendix 3).**

8. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report set out the updated forward plan and training programme for Audit Panel for 2022/23 and 2023/24.

To assist the Audit Panel with delivering its terms of reference, officers had prepared the updated work plan for 2022/23 and 2023/24, which set out the areas that should be considered by the Audit Panel. The work plan outlined in Appendix 2 had been updated to remove March 2022 and include September 2023. The dates for 2023 were provisional and could need to be amended if the reporting deadliness for the Statement of Accounts revert back to the pre-Covid timescales when the accounts were signed off in September.

Members of the panel were asked to consider whether any additional items or training were required, with reference to the core functions listed in the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022.

RESOLVED

That the Audit Panel:

- (i) **Approve the updated work programme, including training, as set out in Appendix 2; and**
- (ii) **Note the core functions outlined in Section 2 of the report and the updated CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 and consider whether any further training would be beneficial for the Audit Panel.**

9. CORPORATE RISK REGISTER REVIEW JULY 2022

Consideration was given to a report of the Director of Finance / Risk, Insurance and Information Governance Manager. The report detailed the Corporate Risk Register detailed at Appendix 1 for comment and approval.

The Corporate Risk Register was attached to the report at Appendix 1. It detailed the risk scores evaluated both in February 2022 and July 2022.

Risk owners (responsible Assistant Directors or Service Unit Managers) had assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they had responsibility for.

It was explained that the reduced prevalence of Covid infection had eased further the level of disruption in the community and to service delivery. The risk score had increased in respect of Risk 1 (Medium Term Financial Plan) since last reported in February 2022, and scores had reduced in respect of Risk 3 (Adults; Local Care Home Market), Risk 7 (Health and Safety management system), Risk 8 (Coronavirus impact), Risk 15 (Vision Tameside) and Risk 21 (Prevention of fraud).

The Assistant Director of Finance highlighted some changes and areas within the risk register. Risk 9 - Vulnerable adults were put at risk due to reduced service availability, this would be managed as part of the service delivery considerations. Under Risk 8 - Coronavirus impact, 3 new risks had been added to the register. Risk 24 - Insufficient funding to deliver entirety of ASC reform programme, had been brought in by Adults, Risk 25 - Delivery of services put at risk due to inability to recruit the required workforce, had been added as a Council-wide issue, and Risk 26 - Delivery of Place-based initiatives, identified pressures under the Place directorate.

It was further explained that due to the inclusion of the various changes there was an increased number of 8 Red risks across the register, in comparison to 7 in the last quarter.

RESOLVED

That the Corporate Risk Register attached at Appendix 1 be approved.

10. URGENT ITEMS

There were no urgent items.

CHAIR