

AUDIT PANEL

12 March 2019

Present: Councillors Ricci (Chair), J Homer (Deputy Chair), Fairfoull and J Fitzpatrick

In Attendance:

Sandra Stewart	Director of Governance & Pensions
Kathy Roe	Director of Finance
Tom Wilkinson	Assistant Director of Finance
Ilys Cookson	Assistant Director of Exchequer, Governance and Pensions
Wendy Poole	Head of Internal Audit
Karen Murray	Mazars
Stephen Nixon	Mazars

Apologies for Absence: Councillors Bailey, Kitchen, Peet and Bell

25. DECLARATIONS OF INTEREST

There were no declarations of interest.

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There were no declarations of interest.

27. MINUTES

The Minutes of the proceedings of the meeting of the Audit Panel held on 23 October 2018 were agreed and signed as a correct record.

28. EXTERNAL AUDIT PLAN FOR 2018/9 - COUNCIL

Consideration was given to the Audit Strategy Memorandum for 2018/19 Mazars, the appointed External Auditor for Tameside Metropolitan Borough Council, for the year ending 31 March 2019.

The plan provided an overview of the planned scope and timing of the statutory audit of the Council. The Panel were advised that the submitted Audit Plan set out the audit work required on the Council's financial statements and also the Value for Money conclusion. The Plan highlighted some of the Council's key challenges and their responses to these. The report also noted audit risks that had been identified and outlined how the External Auditors planned to address these risks through their ongoing work.

RESOLVED

That Mazars Audit Strategy Memorandum for 2018/19, be noted.

29. EXTERNAL AUDIT PLAN FOR 2018/9 - GREATER MANCHESTER PENSIONS FUND

Consideration was given to the Audit Strategy Memorandum for 2018/19 Mazars, the appointed External Auditor for Greater Manchester Pension Fund, for the year ending 31 March 2019.

The plan provided an overview of the planned scope and timing of the statutory audit of the Greater Manchester Pension Fund. The Panel were advised that the submitted Audit Plan set out required actions to enable Mazars to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit plan provides an overview of the planned scope and timing of the statutory audit of Greater Manchester Pension Fund.

RESOLVED

That Mazars Audit Strategy Memorandum for 2018/19, be noted.

30. EXTERNAL AUDIT PROGRESS REPORT

The Audit Panel considered the submitted External Audit Progress Report from Mazars the Council's appointed External Auditors for 2018/19. The report provided the Audit Panel with an update on External Audit progress in delivering their responsibilities in delivering their responsibilities as the Council's External Auditors.

RESOLVED

That the report be noted.

31. ACCOUNTING POLICIES 2018/19 - COUNCIL

Consideration was given to a report of the Director of Finance which sought approval of the Accounting Policies for 2018/19 as detailed at Appendix 1 within the submitted report; and, approval of management's assessment that the preparation of the accounts on a going concern basis was appropriate

The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves are published within the Statement of Accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting ('the Code').

The approval of the Accounting Policies to be applied by the Council demonstrates that due consideration was being given to which policies to adopt and apply and that those charged with corporate governance are fully informed of the policies that are being adopted, prior to the commencement of the preparation of the Statement of Accounts.

The Panel were advised that Officers had assessed the Accounting Policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2018/19. In undertaking this assessment a review of all accounting policies previously agreed had been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements.

It was reported there were two main changes to the 2018/19 Code of Practice on Local Authority Accounting to reflect the adoption of IFRS15 (Revenue from contracts with customers) and IFRS9 (Financial Instruments), with a review of those streams in progress. The adoption of IFRS9 would impact on the accounting treatment of the Council's shareholding in Manchester Airport. Discussions were taking place across the Greater Manchester Authorities to ensure accounting policies were consistent and appropriate.

The Panel were informed that critical judgements made in applying Accounting Policies as well as the assumptions made about the future and other major sources of estimated uncertainty need to be reviewed by the Panel and agreed.

RESOLVED

- 1. That the accounting policies detailed at Appendix 1 within the submitted report, be approved.**
- 2. That any changes to accounting policies required to reflect the requirements of IFRS9 and IFRS15 will be reported to a future meeting of the Audit Panel.**
- 3. That the submitted assessment of the preparation of the accounts on a going concern basis is appropriate be approved.**
- 4. That the critical judgements and major sources of estimation uncertainties as detailed within section 5 of the submitted report, be noted.**

32. ACCOUNTING POLICIES 2018/19 - GREATER MANCHESTER PENSIONS FUND

Consideration was given to a report of the Director of Finance informing the Audit Panel of the governance arrangements for approval of the accounts for Greater Manchester Pension Fund (GMPF) as part of the accounts of Tameside MBC as the administering authority.

The Director of Finance highlighted the key assumptions for estimates used in the Greater Manchester Pension Fund accounts.

RESOLVED

- 1. That the governance arrangements for approval of Greater Manchester Pension Fund accounts be noted.**
- 2. The assumptions for estimates used in the Greater Manchester Pension Fund accounts be noted.**

33. RISK BASED VERIFICATION

Consideration was given to a report of the Director of Finance which sought approval for Housing Benefit not to be processed using the Risk Based Verification Policy with effect from 01 April 2019 and that Housing Benefit continues to be processed in accordance with regulation 86 of the Housing Benefit Regulations 2006 using real time information provided by the Department of Work and Pensions and HMRC.

The Risk Based Verification Policy was introduced in April 2013 to improve processing times of Housing Benefit new claims and changes in circumstances. Evidence to support claims was gathered depending on how the claim was risk scored. Due to improvements in data sharing and technology most evidence required was now available to the Housing Benefit service via other means therefore, the need to apply a risk score in line with the Risk Based Verification Policy was no longer required to improve processing times.

The Audit Panel were advised that advice had been sought from the Department of Work and Pensions regarding the steps that must be taken by a local authority to cease to process claims under the Risk Based Verification Policy. The Department of Work and Pensions had advised that it was appropriate to cease to use Risk Based Verification Policy when processing claims and that revoking of use of the Policy should preferably take place at the commencement of a new finance year to ensure that external auditors would be clear under what rules the subsidy claim should be audited.

RESOLVED

- 1. That Housing Benefit is no longer processed using the Risk Based Verification Policy with effect from 01 April 2019.**

2. **That Housing Benefit continues to be processed in accordance with regulation 86 of the Housing Benefit Regulations 2006 using real time information provided by the Department of Work and Pensions and HMRC.**

34. PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO JANUARY 2019

Consideration was given to a report of the Head of Internal Audit advising Members of the work undertaken by the Risk Management and Audit Service between April 2018 and January 2019.

Examples of the audit work undertaken in each directorate and a summary of the audit opinions issued in relation to system based audit work and also schools during the period was provided.

Members were advised that during the period April 2018 to January 2019, eleven Final reports had been issued in relation to systems, risk and managed audits, additionally three draft reports had been issues for management review and responses. Nine school audit reports had been completed with a further five draft reports issued for responses.

The Head of Internal Audit advised that not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category included:

- Troubled Families
- Pension Fund Annual Return Compliance Checks
- Grant Certifications for Greater Manchester Combined Authority
- System Sign Offs for new and upgraded systems
- Pension Fund assurance Work
- People and Workforce Development Assurance Work
- Investigation Control Reports

RESOLVED:

That the report and performance of the Service Unit for the period April 2018 and January 2019 be noted.

35. CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY - FRAUD AND CORRUPTION TRACKER REPORT FOR TAMESIDE

Consideration was given to a report of the Head of Internal Audit advising Members of the contents of report produced by the Chartered Institute of Public Finance and Accountancy Counter Fraud Centre entitled Fraud and Corruption Tracker 2018.

The report is based on the findings from the Chartered Institute of Public Finance and Accountancy's Fraud and Corruption Tracker Survey which was completed in May/June 2018 and captured data for 2017/18. The report compares Tameside to other Metropolitan Unitaries and it focuses on common fraud types specific to local authorities.

RESOLVED

That the report be noted.

36. RISK MANAGEMENT

Consideration was given to a report of the Director of Finance updating Members on Risk Management across the Strategic commission

The Director of Finance submitted a report detailing the Risk Management Policy and Strategy for 2018/2020 and the Corporate Risk Register, copies of which were appended to the report.

It was explained that risk management was facilitated by the Risk Management and Audit Service and risks were owned by members of the Single Leadership Team, with support from Assistant Directors, managers and staff. The Single Leadership Team had been consulted with and their comments had been incorporated into the updated risk register.

It was reported that work plan has been agreed which will aim to complete:

- A single corporate risk register is to be created covering the risks of the Council and the Tameside and Glossop Clinical Commissioning Group (CCG). As the format in both organisations is very different the Head of Risk Management and Audit will work with colleagues from the CCG to devise a format that meets the requirements of both organisations;
- A Risk Development Session is to be organised for the Single Leadership Team;
- Standardise the criteria for assessing Impact and Likelihood;
- Assess how to measure risk, as the CCG use two levels (Initial Impact and Controlled Impact) whereas the Council only scores the Controlled Risk;
- Review the Business/Service Planning Template to ensure it captures key risks;
- Review the output from Business Continuity work that is underway, to highlight any significant issues that need to feed into the risk register;
- To work with service areas to create operational risk registers to support the corporate risk register.

RESOLVED

That the report be noted