

## **AUDIT COMMITTEE**

Meeting: 15 November 2023  
At: 6.00 pm

### PRESENT

Councillor Sue Glithero (Chair) in the chair; Councillor Carole McCann (Vice-Chair); Councillors Christine Carrigan, Mark Jones, Ian Powney, Alex Wynne and Philip Mills (Co-opted Member).

### **1. MINUTES**

The Minutes (copies of which had been circulated) of the meeting held on 19 July 2023 were approved as a correct record and signed by the Chair.

### **2. DECLARATIONS OF INTEREST**

Councillors and officers were invited to declare any interests they had in any of the items on the agenda for the meeting.

The following interests were declared:-

#### Personal Interests

##### Councillor

##### Interest

Sue Glithero	Agenda Item 6 - '2021/22 'Annual Statement of Accounts Audit Conclusion' and Agenda Item 11 'Internal Audit Progress Report 2023-2024' as a deferred member of Local Government Pension Scheme
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Alex Wynne

Agenda item 13 - 'Corporate Risk Register – Update Report 2' as his partner works for Stockport Family

#### Officers

##### Officer

##### Interest

Michael Cullen	Any items relating to Totally Local Company as a non-executive director of the company.
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Jonathan Davies

Any items relating to the Life Leisure CIC as a non-executive director of the community interest company.

### **3. URGENT DECISIONS**

No urgent decisions were reported.

#### **4. PUBLIC QUESTION TIME**

Members of the public were invited to put questions to the Chair on any matters within the powers and duties of the Area Committee, subject to the exclusions set out in the Code of Practice.

No public questions were submitted.

#### **5. STAR PROCUREMENT UPDATE - NOVEMBER 2023**

The Star Director, Star Procurement submitted a report (copies of which had been circulated) which provided Members with an update on the latest position at Star Procurement.

The following comments were made/issues raised:

- Members asked about the impact on Stockport of having two new councils join Star Procurement. In response, the Committee was advised that there were plenty of resources to carry out the additional work and that delivery had not dropped.
- It was requested that further work be carried out on obtaining more Greater Manchester providers although it was acknowledged that this would depend on the value of the contract.
- A short discussion took place on the meaning of non-verified spend and how this fit in to compliance.
- Members noted that there was in some cases four times return on investment which was very large and asked how this was being achieved.
- A further question was asked regarding what the objective was in terms of return on investment and what was this being measured against?
- In response to a Member question regarding checking of the supply chain, the Committee was advised that when bidding for work, suppliers had to adhere to responsible procurement strategies, random checks were carried out and STAR procurement worked closely with the whistleblowing policy. Star Procurement want to work with good bidders who are signed up to employment charters.
- Members also asked how Star Procurement were going about simplifying their legal contracts.

RESOLVED – That the report be noted.

#### **6. 2021/22 ANNUAL STATEMENT OF ACCOUNTS AUDIT CONCLUSION**

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which advised Members that in September 2022, the 2021/22 Statement of Accounts was reported to Audit Committee. At the time, there were several outstanding audit issues, which meant that the Statement of Accounts could not be approved. Members recommended delegating responsibility for the final approval to the Deputy Chief Executive (Section 151 Officer) in consultation with the Chair of the Audit Committee once advised to do so by the External Auditor. However, if there were any material changes required as a result of the completion of the outstanding audit work then the revised 2021/22 Statement of Accounts would be taken back to the Audit Committee to approve.

The report further advised that the external audit work had now been completed and, as there had been some material changes since initially reported in September 2022. The 2021/22 Statement of Accounts was being referred back to Audit Committee to consider these changes.

The following comments were made/issues raised:

- The Committee asked for an update on the aerated concrete issue and what the extent of it was. In response, Members were advised that the Council was working closely with Mazars to provide some assurance. A risk assessment of all properties had been undertaken.
- Members asked about the benefits to Stockport Council of holding shares in Manchester Airport, and whether there was a risk that something may go wrong.

RESOLVED – (i) That the Council's 2021/22 Statement of Accounts (Appendix One) be approved.

(ii) That the Management Letter of Representation 2021/22 be noted.

## **7. EXTERNAL AUDIT PROGRESS REPORT**

The external auditors, Mazars, submitted a report (copies of which had been circulated which provided an update on the work that Mazars have undertaken as the auditor for Stockport Metropolitan Borough Council.

The following comments were made/issues raised:

- Members asked about possible change in the future and the potential impact of Artificial Intelligence. What are the risk factors? In response, Members were advised that as Mazars are strictly independent, advice and guidance even on technical accounting matters was not provided.
- In response to a Member question regarding the potential impact of RAAC on future and past accounts, the Committee was assured that RAAC had been identified in two schools but mitigating actions had been taken and students were back in school. Officers were confident that following site visits and professional advice received, that Members could be assured of minimum impact on the balance sheet. The Council was going further than the recommended advice to assure that health and safety of children was paramount and disruption minimised.

RESOLVED – That the report be noted.

## **8. SIGNING OF THE 2021/22 STATEMENT OF ACCOUNTS AND LETTER OF REPRESENTATION**

RESOLVED - That the Signing of the 2021/22 Statement of Accounts and letter of Representation be noted.

## **9. 2022/23 ANNUAL STATEMENT OF ACCOUNTS UPDATE REPORT**

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which provided Members with an update on the Council's 2022/23 Statement of Accounts.

RESOLVED – (i) That the Council's 2022/23 Statement of Accounts audit must be completed no later than the 30 September 2024 as set out at section 3, be noted.

(ii) That the Draft Management Letter of Representation 2022/23 (Appendix Two) be noted and,

(iii) That in the event of no material changes, other than as a result of the revised pensions asset ceiling report, the approval of the 2022/23 Statement Accounts to the Deputy Chief Executive (Section 151 Officer) in consultation with the Chair of the Audit Committee on receipt of advice from the External Auditor, be delegated.

## **10. AUDIT COMPLETION REPORT**

The external auditors, Mazars, submitted a report (copies of which had been circulated) which provided an update on the work that Mazars have undertaken as the auditor for Stockport Metropolitan Borough Council.

The following comments were made/issues raised:

- A short discussion took place in relation to the administration of the Greater Manchester Pension Fund and how this worked in practice.
- In response to a Member question regarding valuers of Council assets, the Committee was advised that feedback was provided to valuers both individually and collectively. If it was believed that errors had occurred, steps were taken to ensure that the cost did not fall back on taxpayers.
- Members questioned whether the current situation in the Middle East should be referenced? In response, it was reported that it was not felt that there was any impact on the financial statement of the council and that geopolitical events were constantly monitored. Advice was taken to ensure that any potential risks were understood.
- Members noted that the valuation for Manchester Airport had increased but the parking side of the business had decreased. The Committee was advised that deep dives were undertaken in this area but some of the information was commercially sensitive.

RESOLVED – That the Audit Completion Report be noted.

## **11. INTERNAL AUDIT PROGRESS REPORT 2 - 2023-24**

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which set out the progress made by internal audit against the Risk Based Internal Audit Plan originally approved by the Audit Committee in March 2023.

The following comments were made/issues raised:

- Members asked how it was determined which projects were to be audited?
- Members noted that the Audit team were in need of more staff and that there was a plan in place to address this.

- In response to a Member question, Audit Committee was advised that the team may get involved at colleague's request with investigations relating to potential fraud or impropriety, there was always an element of contingency, and the challenge came when the team were asked to do a piece of work with no end date.
- As less Risk Assessments were to be carried out this year, did Members need to be concerned? Audit Committee was advised that some areas were not in a position to be audited just yet and that the focus was to be on high-risk areas.
- With regard to the school's audit, Members asked what was meant by 'moderate' in terms of what was found.

RESOLVED – That the report be noted.

## **12. ANNUAL GOVERNANCE STATEMENT PROGRESS STATEMENT 1**

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which provided Members with the first update on the Council's Annual Governance Action Plan arising from the latest Annual Governance Statement (AGS).

The following comments were made/issues raised:

- Members raised the issue of the integrated care system and whether it was working.
- In response to a Member question, the Committee was advised that as part of the governance review, it was likely that the audit regime at TLC would be looked at.

RESOLVED – That the report be noted.

## **13. CORPORATE RISK REGISTER – UPDATE REPORT 2**

The Deputy Chief Executive (and Section 151 Officer) submitted a report (copies of which had been circulated) which provided Audit Committee with an Update to the Corporate Risk Register Quarter 2.

The following comments were made/issues raised:

- Members asked whether the risk in relation to RAAC was likely to be increased.
- Members asked whether the situation in Ukraine meant that the cyber threat had increased. In response, the Committee was advised that the Council's defences in this area were robust.
- Officers and Members of the Committee paid tribute to former Councillor John Pantall who had died recently. The work he had done as a Member of the Audit Committee was recognised and highly valued.

RESOLVED – That the report be noted.

The meeting closed at 7.58 pm