

## **Audit Committee**

### **Minutes of the meeting held on Tuesday, 15 September 2020**

**This Audit Committee meeting was conducted via Zoom, in accordance with the provisions of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.**

**Present:** Councillor Ahmed Ali – in the Chair

**Councillors:** Clay, Lanchbury, Russell, Stanton and Watson

**Independent Co-opted Members** – Dr S Downs and Dr D Barker

**Also Present:**

Karen Murray, Mazars (External Auditor)

### **AC/20/18. Minutes**

#### **Decision**

To approve the minutes of the meeting held on 28 July 2020 as a correct record.

### **AC/20/19. Internal Audit Assurance Report - Quarter 2**

The Committee considered the report of the Deputy Chief Executive and City Treasurer / Head of Internal Audit and Risk Management. The report provided the Committee with a summary of the *work* of the Internal Audit Section since April 2020. The publication of quarter four 2019/20 executive summaries was delayed due to Covid19 and cancellation of Audit Committee meetings in April and June. The report included the executive summaries and assurance opinions from completed audits finalised between February 2020 and July 2020.

The Chair invited questions from the Committee.

A member referred to audits that had taken place within schools where it appeared that similar issues had been identified relating to financial procedures and policy. Officers were asked if guidance could be provided to schools and school governors to address the issues raised to improve school's financial governance arrangements. The comment was also made that in view of the audits that had raised issues within areas of Council services there are also a number of the audits that had taken place on Council services which had produced many examples of good practice.

It was reported that following the completion of the audits in schools, a consolidated themed report is produced for the Director of One Education. A common themed report is also circulated to all of the schools in Manchester highlighting common themes and lessons learned. This process could be explored further with One

Education to consider other routes to pass on guidance and support on financial governance for schools.

A member asked officers why an updated position of the Audit Plan Status had not been included in the report in view of significant problems with audit completions. Officers were also asked to explain the proposed arrangements to resource the PPE hub and business grants beyond quarter two and if any resources had been provided from Central Government to fund this.

The Committee was informed that the report had been prepared in respect of audits taking place up to the end of July 2020, although some audits may have not been completed at that point. Some additional audit reports would be submitted to a later committee. With reference to the PPE hub, it was reported that three full-time audit staff posts had been provided to deal with PPE, this had been reduced to a half full-time post until the end of March 2021, at the latest. The staff member concerned had been kept in the half post to ensure a level of continuity is maintained and it was anticipated that the other half of the post would be filled. A more structured process was now in place to deal with PPE with additional staff resources to be provided for the PPE hub. The meeting was informed that resources had been brought in from across the council to help address the ongoing incident management and prepare for business as usual and recovery planning. It was important to properly resource such areas as business rates grants with audit staff to ensure guidelines are followed as well as spot instances of fraud. It was reported that £225,000 was received from the Government as part of a New Burdens payment.

A member referred to issues relating to the audit of schools and the issues arising from those in particular financial management guidance for schools and what the position for this is and the school's development plan. Officers were asked what follow up action had been taken regarding hospitality and other issues.

It was reported that schools are provided with guidance and the findings from audits are made into formal recommendations to the schools and followed up by the auditors. School development planning is an area where the recommendation is that planning takes place three years ahead. Follow up actions on audits had been delayed due to Covid and closure of schools. Other follow up checks would be completed and reported. The issue of hospitality raised in an audit it was reported this would be checked and reported to the Committee.

A member referred to concerns raised on the use and performance of Liquid Logic and the bedding in of the system. Officers were also asked to comment on the point raised within the report that suggested a 'cultural norm' in Adult Services by social workers' approach to recording information and the concerns this raises for adult safeguarding. Members were concerned on the limited assurances given and the lack of progress being made by the service.

It was reported the audits had identified issues within adult services and children's services such as changes in business practice following the introduction of Liquid Logic. Work is ongoing to address those issues concerning Liquid Logic involving the City Treasurer, Internal Audit and Children's Services and Adult Services DMTs. The comment made on a 'cultural norm' had been identified as an historic challenge to

install business change within the service and achieve compliance through training of social work staff. Further checks would be made to ensure compliance is being achieved. With reference to concerns raised on recording safeguarding issues it was reported that the changes made to case management on Liquid Logic that children's services is a few weeks away from business as usual. Adult Services would take longer in view of the more complex nature of the care finance packages. The Director of Adult Services would be contacted on the issues raised and reported back to the Committee.

A member referred to Mental Health - Adults Services and concerns on lack of management input on decisions on mental health case work and the lack of management overview on those decisions and delays on referrals made. Reference was also made to the use of the Paris System and how it operated/ compared to Liquid Logic. The Committee also identified other issues to consider including processing between the Liquid Logic and Paris systems, management oversight on processes on recording and decision making on safeguarding recording and logging and the efficiency of communication between the two systems.

It was reported that the Paris system was used by the Mental Health Trust and not the Council. Some of the actions to be taken by the Mental Health Trust were still outstanding. It was noted that assurance is needed on how things are processed through Liquid Logic and it was expected that Liquid Logic would provide a greater level of reporting. The points made were noted and would be discussed with the Audit Team.

A member referred to the Disability Supported Accommodation Service and the limited assurance the audit had produced and drew attention to the likely changes in the support needs of the users of the service over time. Attention was also drawn to the management of the budget which did not meet the demands of the service.

Officers reported that the service had received an audit in view of concerns over budget overspends and to understand the service activity to be able to set a more accurate budget and introduce measures to better control this. It was noted that the use of agency staff was not the best use of resources and officers were now building on the recommendations of the audit.

## **Decision**

The Committee noted the report and comments made.

(Councillor Ahmed Ali declared a personal interest for the reason that he is a Council appointed representative to: Adoption Counts.)

## **AC/20/20. Outstanding Audit Recommendations – ICT Licensing**

The Committee considered the report of the Director of ICT which provided an update on the actions taken to address issues highlighted previously to reduce risk, barriers to full implementation and management rationale for accepting the current, reduced level of risk. The Director addressed the Committee and explained that the

audit had taken place in 2018 to look at licensing in place across the Councils IT systems and the work that has taken place since the completion of the audit.

The Chair invited questions from the Committee.

A member questioned the audit of licences and asked if this work had reduced the overall cost to the Council. Also, would officers be looking to save on the cost of licences going forward.

It was reported that figures were not available on the cost implications to the council, although it was now possible to check on the status of licences and if one was required. The cost of Microsoft rental would be based on usage and would be assessed on whether it is the most efficient model based on projections.

A member asked how centralised decision making is undertaken in respect software asset management for smaller specialised systems used by the Council.

The Committee was informed that the management of the decision making process is combined between both centrally and within the departments concerned. ICT work with departments where checks are made on the appropriateness of software and to ensure that similar software is not already available within the organisation.

## **Decision**

The Committee noted the report and the actions taken in response to the Internal Audit of software licensing and the decision of management to accept a much reduced level of residual risk.

## **AC/20/21. Outstanding Audit Recommendations - Quarter 2**

The Committee considered the report of the Deputy Chief Executive and City Treasurer / Head of Audit and Risk Management report which provided a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations. The Head of Audit and Risk Management introduced the report. The Committee's attention was brought to Section 3.5 of the report set out those recommendations outstanding overdue by nine months:

- Adults: Transition to Adult Services (3 of which 2 partially implemented)
- Adults: Disability Supported Accommodation Services: Quality Assurance Framework (2 partially implemented)
- Adults: Management Oversight and Supervision (1)
- Adults: Mental Health Casework Compliance (6 of which 3 partially implemented)
- Core: ICT Software Licensing (3 of which 2 partially implemented)
- Core: Purchase Cards (1)
- Childrens Services: Assessed and Supported Year in Employment (2 partially implemented)
- Children Services: Management Oversight and Supervision (1)

The Chair invited questions from the Committee.

A member referred to outstanding recommendations and confirmations from departments and the follow up work undertaken to address this and was informed that those outstanding recommendations would be addressed from meeting with management of the services concerned and reported to a future meeting.

A member referred to outstanding recommendations in respect of Adult Services and the importance of concentrating on addressing those areas of outstanding concern.

The City Treasurer welcomed the comments of the Committee in respect of Adult Services and referred to the work ongoing and undertook to consider and discuss with the Chair and the Head of Audit and Risk Management on the best way of approaching the areas of concern raised.

### **Decision**

The Committee noted the current process and position in respect of high priority Internal Audit recommendations.

### **AC/20/22. Risk Management Strategy and Risk Register - Presentation**

The Committee received a presentation from the Deputy Chief Executive and City Treasurer / Head of Audit and Risk Management providing an update and background and progress on the Corporate Risk Register. The Committee was informed that a report on the Corporate Risk Register could not be submitted for the reason that report had not been presented to the Senior Management Team.

The Committee was informed that the standard process for the Corporate Risk Register (CRR) was suspended during Covid19 crisis in favour of dynamic incident management approach with high frequency of risk and issue reporting. A formal review process has restarted and this is due to confirm the Corporate Risk Register in November 2020.

The areas of risk that have been impacted by Covid19 are as follows:

- Organisational capacity, resilience and business continuity
- Finance and Funding: 2020/21, 2021+ and capital programme
- Health and Care integration and adult social care improvement
- Responding to climate change
- ICT programmes, resilience and security
- Information risk management and data security
- Health and safety of staff and residents
- Adaptation to new ways of working
- Affordable housing and Northwards
- Post EU Exit and supply chain resilience
- Disruption to education and learning
- Safeguarding vulnerable adults and children
- Equality and inclusion

A Corporate Risk Register report would be submitted to the October or November meeting of the Committee.

A member commented that it was important to have a Risk Register presented to the Committee before February 2021 in view of the length of time since the last report (March 2019).

Officers were asked if more could be done to include the agile, real time reporting approach that has been used since the impact of Covid. The Committee was informed that it was anticipated that this would be included because it is responsive and is easy to produce.

A member asked officers if the March 2020 Risk Register could be circulated to members of the Committee in advance of the updated Risk Register report.

### **Decision**

To note the presentation and the comments made.

### **AC/20/23. Annual Work Programme - draft**

The Members considered the Committee's work programme.

### **Decisions**

1. To note the Annual Work Programme.
2. To agree that a meeting of the Committee will take place on 13 October 2020.

### **AC/20/24. Exclusion of the Public**

### **Decision**

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons, and public interest in maintaining the exemption outweighed the public interest in disclosing the information.

### **AC/20/25. Annual Counter Fraud Report**

The Committee considered the report of the Deputy Chief Executive and City Treasurer / Head of Internal Audit and Risk Management which provided a summary of the anti-fraud arrangements and investigation work undertaken during 2019/20, with particular focus on the work delivered by Internal Audit.

The Committee agreed that it was satisfied with the assurance provided by the actions outlined within the report submitted.

### **Decisions**

To note the report.