

Audit Committee

Minutes of the meeting held on 12 November 2019

Present:

Councillor Ahmed Ali - In the Chair
Councillors Clay, Lanchbury, Russell and Watson

Independent Co-opted member: Dr S Downs
Independent Co-opted member: Dr D Barker

Also Present:

Councillor Ollerhead, Executive Member for Finance and Human Resources
Stephen Nixon, Mazars

Apologies: Councillor Stanton

AC/19/49 Minutes

Decision

To approve the minutes of the meeting held on 15 October 2019 as a correct record.

AC/19/50 Treasury Management (Interim) Report

The Committee considered the report of the Deputy Chief Executive and City Treasurer that provided Members with an update on Treasury Management activities of the Council during the first six months of 2019-20.

Decision

To note the report.

AC/19/51 Internal Audit Assurance Report

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the Head of Internal Audit and Risk Management that provided Members with a summary of the work of the Internal Audit Section from April to September 2019, including progress toward delivery of the annual audit plan, a summary of assurance opinions on completed audits and a summary position on the implementation of Internal Audit recommendations. Focus was on the work produced in the second quarter of the year July to September. The opinions and statistics had been shared with Directorate senior managers for discussion; to agree actions; and would be used to inform an overall annual assurance opinion in March 2020. The Chair stated that he welcomed the format of the Executive Summaries that had been provided throughout the report.

A Member commented upon the Limited Assurance given for the governance arrangements between the Council and the Manchester Local Care Organisation (MLCO). The Head of Internal Audit and Risk Management stated the challenges arose due to multiple organisations, acting as commissioners and providers and their respective reporting mechanisms and decisions making arrangements. He stated that whilst this was a complex landscape he reassured Members that non were acting beyond their legal power or authority. He stated that he was confident that this could be resolved and added that all partners were committed to this.

The Member further commented that KPIs needed to be agreed and monitored for the Manchester Local Care Organisation so that the benefits to residents could be monitored and assessed. The Deputy Chief Executive and City Treasurer reported that KPIs needed to be appropriate and she stated the clear line of accountability rested with the Executive Director, Adult Social Services and her Deputy. She added that the benefits of the MLCO and the Integrated Neighbourhood Teams were beginning to be realised by preventing people going into hospital unnecessarily and moving people safely out of acute hospital care into a community setting.

A Member requested that further to the report that had been considered by the Committee at their October meeting she still had concerns in relation to Adult Social Care and recommended that a further report on all of the outstanding recommendations identified by Internal Audit for Adult Services be submitted for consideration at a future meeting. The Member also stated that the Executive Member for Adult Health and Wellbeing and the Executive Director, Adult Social Services should be in attendance.

A Member enquired what were the arrangements for the incidents reported where management did not agree with an internal audit assessment. The Head of Internal Audit and Risk Management informed the Committee that this was flexible and could be negotiated as long as Internal Audit were satisfied that appropriate actions were taken to address any identified risk.

In response to the Corporate Services, Integrated Commissioning and Procurement information provided a Member requested that further details on all low value contracts and associated timescales be provided. The Head of Internal Audit and Risk Management stated that he would circulate information on these outside of the meeting.

Decisions

The Committee recommend:

1. To receive a report on the all the outstanding recommendations identified by Internal Audit for Adult Services be submitted for consideration at a future meeting and that the Executive Member for Adult Health and Wellbeing and the Executive Director, Adult Social Services be in attendance.
2. To receive an update report on the Management Oversight and Supervision – Children’s Services be submitted for consideration at a future meeting and that the

Deputy Director Children's Services and the Executive Member for Children and Schools be in attendance.

3. That the Head of Internal Audit and Risk Management circulate information on the value of contracts referenced within the Integrated Commissioning and Procurement information.

4. To confirm the proposed changes to the Internal Audit Plan 2019/20, subject to the comments from the Committee above.

AC/19/52 Outstanding Audit Recommendations

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the Head of Internal Audit and Risk Management that provided the details of progress to address outstanding recommendations in the High Priority categories.

The Head of Internal Audit and Risk Management reported to the Committee that the recommendations relating to Children Missing from Home had been completed. Members welcomed this.

Members noted that the Transition to Adults recommendations remained outstanding and noted that this was a longstanding issue. A Member commented that it was important to recognise the importance of this and the impact this had on citizens of Manchester. The Head of Internal Audit and Risk Management responded by stating that this was a complex area of activity, involving a number of services. He stated that the Executive Director Adult Social Services was seeking to deliver a holistic approach and that transitions was an area of high priority in the Adults Improvement Plan. He recommended that a further update on this specific activity is reported to the Committee at an appropriate time. Members endorsed this recommendation.

In response to a comment from a Member regarding Disability Supported Accommodation Services, the Head of Internal Audit and Risk Management stated that the issue of capacity did present a challenge. He stated that the outstanding recommendations had been escalated to the relevant Strategic Lead and Executive Member. He recommended that a further update on this specific activity is reported to the Committee at an appropriate time. Members endorsed this recommendation.

The City Solicitor addressed the Committee in regard to Purchase Cards. She reported that the guidance in respect of purchase cards had been provided, and the intention was to appropriately embed these into both the Members and Employees Code of Conduct. She said that this would be done in consultation with both Human Resources and Trade Unions and it was anticipated that this would be completed by July 2020. She advised that the Codes of Conduct would be reported to Standards Committee for consideration and comment.

Decisions

The Committee recommend:

1. To note the report.
2. That a report on the overdue recommendations in relation to the Transition to Adults be submitted for consideration at an appropriate time, and all relevant Strategic Leads and Executive Members be in attendance.
2. That a report on the overdue recommendations in relation to Disability Supported Accommodation Services be submitted for consideration at an appropriate time, and all relevant Strategic Leads and Executive Members be in attendance.

[Councillor Lanchbury declared a personnel and non-prejudicial interest as she is a Reg 44 visitor (an Independent Person who visits a children's residential home on a monthly basis.)]

AC/19/53 Annual Governance Statement Update

The Committee considered the report of the Deputy Chief Executive and City Treasurer that set out a brief summary of the progress that had been made to date in implementing the governance recommendations from the 2018/19 Annual Governance Statement (AGS). It also outlined the next steps in the process of producing the Annual Governance Statement 2019/20.

A Member noted the information provided that described that the Chief Executive of Liverpool City Council, had been appointed as the North West regional coordinator for Brexit preparations and reporting, and enquired when had that happened. The Deputy Chief Executive and City Treasurer stated that she would confirm the date and circulate this information to the Committee.

A Member noted the information provided in relation to Cyber Security and enquired if this was to be available to Members. She requested that if it was not then this training be extended to Members and information be shared with the Members Development Working Group.

A Member commented on the reported 10% increase in managers completing Return To Work information promptly when compared to the same reporting period last year, stating that this was to be welcomed.

In regard to the information provided against Action Point 3, Members noted their discussion when considering the previous agenda item, AC/19/51 and recommended that Officers take the concerns and views of the reporting of Adult Services into consideration. The Director of Policy, Performance and Reform stated that comments of Members had been noted.

In response to a question from a Member regarding ethnic diversity in senior management roles, the Director of Policy, Performance and Reform stated that consideration would be given as to how this information, and wider equalities data could be reported within these reports to the Committee.

Decision

To note the report.

**AC/19/54 Governance Improvement Progress for Partnerships with
Low or Medium Strength of Governance Assessment Ratings**

The Committee considered the report of the Deputy Chief Executive and City Treasurer that provided an update on progress made to strengthen governance arrangements in the sixteen partnerships where a 'Low' or 'Medium' Partnership Strength of Governance rating was recorded in the 2018 Register of Significant Partnerships, as requested by the committee in February 2019.

In response to a question from a Member the Director of Policy, Performance and Reform stated that substantive report on the Register of Significant Partnerships would be submitted to the February 2020 meeting for consideration, adding that the register was a live document and could be reviewed throughout the year.

In regard to the Hulme High Street entry, the Performance and Intelligence Officer reported that the Council had now commenced the process of acquiring the shares in Hulme High Street Ltd currently held by AMEC/Muse. The result being that the Council would become the sole shareholder of the company hence no longer a joint venture or partnership. The Council's legal team continued to prioritise this area of work; in the interim the partnership remained as 'Low' governance strength. Members welcomed this update.

In response to the governance arrangements of the Northern Gateway, Members were informed that any changes to the business plan would need to be agreed by the Executive.

Members welcomed the reported establishment of the Manchester Safeguarding Partnership (MSP) that had replaced the Manchester Safeguarding Children's Board, which consisted of the Manchester Safeguarding Children Board and Manchester Safeguarding Adults Board. The new MSP had been established in response to new legislative guidance that required all local areas to publish their new multi-agency safeguarding arrangements for children by 29 June 2019.

A Member commented that consideration needed to be given to all Tenant Management Organisations, not just the two that were referenced within the report when reporting the relationships between the Council and TMOs.

In response to a specific question regarding the Brunswick PFI the Deputy Chief Executive and City Treasurer informed Members that all such schemes were monitored. The Head of Internal Audit and Risk Management suggested that the Committee may wish to consider a specific report on this activity when reviewing their Work Programme.

Decision

To note the report.

AC/19/55 External Audit Progress Report and Update – Oral Report

The Committee heard from Stephen Nixon, Mazars the Council's External Auditors. He advised Members that work was progressing and the detailed plan would be submitted to the Committee in the new year.

Decision

To note the oral report.

AC/19/56 The Committee's Work Programme

A Member recommended that both the Children's and Adults Directorates be included in the Risk Review Item scheduled for consideration at the December meeting, with all relevant Strategic Leads and Executive Members in attendance.

Decision

To approve the Work Programme subject to the above amendment.

AC/19/57 Exclusion of the Public

Decision

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

AC/19/58 Oral report on Cyber Security Audit Findings (Public Excluded)

The Committee received an oral report from the Head of Internal Audit and Risk Management that provided Members with an update cyber security audit findings.

The Head of Internal Audit and Risk Management then responded to questions from Members.

Decision

To note the oral report.