

## **Audit Committee**

### **Minutes of the meeting held on 11 February 2019**

#### **Present:**

Councillor Ahmed Ali - In the Chair  
Councillors Connolly, Lanchbury, Russell, A. Simcock and Watson  
Mr S Downs (Co-opted member) and Dr D Barker (Co-opted member)

#### **Apologies: -**

#### **Also in attendance:**

Councillor B Craig (Executive Member for Adults Health & Wellbeing)  
Mr Chris Jeffries (Chair, Audit Committee – Manchester Clinical Commissioning Group)

### **AC/19/01 Minutes**

The minutes of the Audit Committee held on 10 December 2018 were submitted for approval.

#### **Decision**

To approve the minutes of the meeting held on 10 December 2018 as a correct record.

### **AC/19/02 Audit Strategy Memorandum**

Members considered the report of Mazars, the Councils appointed external auditor, which provided the Committee with the Audit Strategy Memorandum for the City Council for the year ending March 2019. The memorandum provided a summary to:

- Set out the audit approach;
- Identify significant audit risks and areas of key judgements
- Provide details of the audit team.

The Chair invited questions from the Committee.

A member requested an explanation of misstatements, referred to in the memorandum, regarding the material threshold level of triviality (£1.5m) and the potential that a number of errors occurring below the threshold could result in a significant amount.

It was reported that items below the material threshold would not be reported as a matter of course however, a number of errors in the same area of service would be highlighted. Members were informed that the practice of not reporting matters with no material impact is within the scope of national audit work.

A member asked for a position regarding the preparations in place for the completion submission of council's accounts by the July 2019 deadline.

It was reported that the preparations for the council's annual accounts were in place with the required information expected by the May deadline. An exercise would be undertaken to consolidate the Airport Group accounts and formalise accountancy practices. Work had also been undertaken to trial an earlier accounts deadline for the Airport Group using draft accounts in May to achieve a final version in July.

### **Decision**

To note the report submitted.

### **AC/19/03 Internal Audit Assurance Report**

Members considered the report of the City Treasurer and the Head of Internal Audit and Risk Management which presented a summary of audit work being undertaken and opinions issued for the period April to December 2018, as part of the annual programme of audit work across the Council.

The Head of Internal Audit and Risk Management introduced the report and provided an update on audit work and changes made within the audit plan.

The Committee was also informed that the Council would continue to issue press releases to public raise awareness of counter fraud investigations resulting in convictions.

The Chair invited questions from the Committee.

A member made reference to the requirement of three quotations for goods and services over the value of £2000 and asked officers how the level is set in view of the difficulties for schools in obtaining three quotations for such a low level of spend. Officers were also asked what impact the introduction of General Data Protection Regulations (GDPR) has had on the volume of Data Protection work within schools.

It was reported that the financial regulations used by schools is the same as that used by the City Council which also requires three quotations for services with a value of £2000 and over. The Committee was informed that the introduction of GDPR had raised the profile of Information Rights, which had resulted in increased activity and this had involved support and advice provided through the Internal Audit Data Protection Officer service to schools

A member referred to the limited assurance opinion in relation to the Mental Health Casework Audit and asked officers how the issues arising from the audit were being addressed.

It was reported that a holistic approach would be taken in addressing the issues as part of the Adult Services Directorate Business Plan and Improvement Plan which

had been shared with Internal Audit.

A member expressed concern regarding assurance findings within Adult Services, in particular, the issues relating to:

- mental health casework audit findings;
- limited assurance for arrangements in place for management oversight and supervision;
- outstanding recommendations from the audit of homecare contracts and transitions to adulthood;
- importance of a successful Liquidlogic system implementation

A member proposed that the Health Scrutiny Committee be made aware of the issues highlighted and to refer the report submitted for Scrutiny ensure that the improvement plan is addressing those areas of concern.

Officers were asked to provide further explanation of the issues relating to limited assurance of the Highways Framework TC886. Officers were also requested to check to ensure that the recommendation had been completed by management to address the issues raised by the end of the financial year 2018/19.

The Committee was informed that TC886 is a highways repair contract where concern had been raised on the operation of the contract framework which is not operating as was original proposed.

A member referred to the limited assurance relating to frameworks agreements, in particular, taxis, highways and financial services as referred to in the report and asked if this would be extended to other areas.

The Committee was informed that the audit of other framework agreements could be extended across the Council and will be included in the planning of the work programme based on the internal audit findings as outlined.

## **Decisions**

1. To note the report submitted.
2. To note with concern the comments raised relating to Adult Services, in particular, the length of time that particular areas of the service have not shown improvement in the level of assurance given.
3. To refer the report submitted to the Health Scrutiny Committee for information and to draw the Committee's attention to the concerns raised regarding Adult Services.

## **AC/19/04 Internal Audit: Manchester Support for Independent Living (MSIL) Risk Assessment and Audit Plan**

The Committee considered the report of the City Treasurer and the Head of Internal

Audit and Risk Management which presented a summary of the rationale for deferring an audit of Manchester Support for Independent Living until 2019/20 and replacing it with an audit of Deprivation of Liberties and Safeguarding. The report provided an explanation of the basis of the risk assessment and alternative means of assurance.

The Chair invited questions from the Committee.

A member expressed concern on the Audit Plan regarding the level of focus given on service areas supporting individuals that should be allocated a higher level of importance. Reference was also made to the length of time taken to make an assessment, which had an average of seven months and asked, in view of this delay, how long did the work identified take to complete.

The Head of Internal Audit and Risk Management noted the comments made and reported that the Audit Plan provides a rounded audit assurance across the breadth of all activities of the Council. This would include the audit of services concerned with the health and wellbeing of residents as well as other services. The point raised regarding assessment time within MSIL would be considered as part of the planning for the audit of this service within the Audit Plan Quarter 1 - 2019/20.

The Committee discussed the preparation of the Annual Internal Audit Plan and the involvement of the Audit Committee in that process. The Committee was informed that preparations for the Audit Plan 2019/20 were ongoing and a report would be submitted to the April meeting of the Audit Committee. Members commented that the Committee should have opportunity to input earlier in the process rather than just at the approval stage and it was suggested that a report containing proposals be available before the beginning of new financial year.

Arising from the discussion the Head of Internal Audit and Risk Management reported that there would be difficulty in providing the Committee with a draft version of the Audit Plan prior to the April meeting. The Committee was informed that the preparation of the Audit Plan 2020/21 would be addressed within the Audit Strategy report and this would include input from other sources including issues arising from member casework for potential areas of service to audit. A draft 'visioning' document would be produced for consideration at the December 2019 meeting of the Committee.

## **Decisions**

1. To note the report submitted and the comments made.
2. To request the Head of Internal Audit and Risk Management to include a draft Annual Audit Plan Visioning report item in the Annual Work Programme 2019/20 for submission to the December 2019 meeting of the Committee.

## **AC/19/05 Outstanding Audit Recommendations**

The report of the City Treasurer and the Head of Internal Audit and Risk Management was considered which presented a summary of the current implementation position in respect of the high priority Internal Audit recommendations.

The Chair invited questions from the Committee.

A member referred to the outstanding audit recommendations relating to Transitions to Adults Services, Homecare Contract and Liquidlogic implementation and the reasons for this. The Head of Internal Audit and Risk Management was asked if there was confidence that the audit recommendations would be completed by March 2019 and if not would the Director of Adult Services be invited to attend the next meeting of the Committee. A member asked if officers were aware of other potential knock on effects of ICT related issues in other services areas.

The Head of Internal Audit and Risk Management explained that the timing of the process involving the circulation of reports to members and officers had been a factor in the delay. There was a potential risk that the recommendations may not be fully implemented relating to the Homecare Contract work and Transition to Adult Services.

The City Treasurer stated that it would be helpful to have the relevant officers present at the next meeting to explain the current audit position to the Committee. In addition, consideration would be given to other potential areas of high risk.

## **Decisions**

1. To note the report submitted and the comments received.
2. To invite the Director of Adult Services to attend the next meeting of the Committee to provide a service wide report, that is supported by Children's Services, to respond to the concerns raised regarding the overdue audit work relating to:
  - Transition to Adult Services;
  - Homecare Contract.

## **AC/19/06 Register of Significant Partnerships**

The Committee considered the report of the Deputy Chief Executive containing the Register of Significant Partnerships 2018. The report presented the format and review and assurance process associated with the register. The report also focussed on partnerships which have been added to the Register during 2018 and those where the governance strength rating had changed or where the rating remains 'Medium' or 'Low' following completion of the latest self-assessment.

The Chair invited questions from the Committee.

A member referred to the level given to the governance rating given the Manchester

Safeguarding Adults Partnership Board (MSAPB) and the process used to assess and determine the rating. Officers were asked how the disparity of a 'high' rating is addressed where there were issues of concern identified on the operational delivery of a service and was this replicated across the Partnership Register.

It was reported that there is a three stage process involving production of a self-assessment that in turn is assessed by an experienced panel to justify the governance strength applied. The governance assessment is then either confirmed or revised if it is not considered appropriate.

The Executive Member (Adult Health and Wellbeing) addressed the Committee and explained that changes introduced from the lessons learned had helped to strengthen the governance arrangements of the MSAPB. The point was made that audit work is based on a snapshot of the subject area at a point in time, however the issues identified may reduce as a result of recommended changes for improvement.

A member referred to Brunswick PFI (entry 50 on the Register of Significant Partnerships) and proposed that, in view of the concerns expressed within the report on refurbishment programmes not being achieved, the matter be referred to the Resource and Governance Scrutiny Committee.

A member made reference to the Northern Gateway (entry 15 on the Register of Significant Partnerships) and questioned the 'Medium' Governance Strength rating in view of the significance of the partnership and what this will deliver to Manchester. It was reported that from the comments raised, the significance rating of the Northern Gateway would be reassessed.

A member referred to the Factory Project (Manchester International Festival) and asked if this was a significant enough partnership to be included on the Register of Significant Partnerships.

The Committee was informed that the Factory Project would be subject to an assessment to determine its inclusion on the Register.

## **Decisions**

1. To note the report submitted and comments received, in particular, the concerns raised regarding Brunswick PFI and Northern Gateway.
2. To refer the Brunswick PFI for consideration by the Resource and Governance Scrutiny Committee.

(The Chair adjourned the meeting: 11:30am – 11:40am.)

## **AC/19/07 Health and Social Care Assurance Framework**

The Committee considered the report of the Head of Internal Audit and Risk Management, which provided the key elements of the current health and care

assurance framework with a focus on governance and assurance from a Council perspective.

The report provided an outline of the assurance framework across the partnership involved in the coordination of health and care services to Manchester residents and how the partnerships interact with the Council's assurance framework.

The Chair invited questions from the Committee.

A member referred to paragraph 6.2 of the report and the issue of liaison between auditors of the Council and its partners and asked officers where had liaison proved to be less effected and when would the development of processes be completed. Reference was also made to the integration of health and social care with the purpose of empowering communities and officers were asked if governance arrangements were proposed to implement this at a local level.

The Committee was informed that the issue of liaison between auditors related to auditing work that had been undertaken which had not been notified to the Council's auditors or partnership auditors. Discussions had been held between auditors resulting in the production of a draft working protocols and joints plans document for introduction in 2019/20.

The Executive Member for Adults Health & Wellbeing reported that from a local governance perspective, neighbourhood working through the use of boards was ongoing and this would be included in the memorandum of understanding with the interested partners. This had helped to connect with groups with decision making into a very complex process.

In welcoming the arrangements and processes to introduce and develop local governance, the point was made that the importance of the strategic process was to effect positive outcomes for people at a local level. Officers were also asked that, in view of the separate nature of the audit work undertaken by partners, was it possible to meet at a joint level with the partner audit committees to better understand the breadth of the audit work involved. Also could the Audit Plan include an item that would involve a joint meeting with partnership audit members.

The Audit Committee Chair (Manchester CCG) addressed the Committee and welcomed the opportunity to meet with the Chair of the Committee to identify areas of overlap between the two committees and produce a joint planning paper.

A member stated that consideration needed to be given in the establishment of audit committees within the partner organisations to avoid the duplication of processes and create a streamlined integrated audit service.

The Executive Member (Adult Health & Wellbeing) made the point that in welcoming the opportunity for the two audit committee chairs to meet it was also important to consider that the Council already had planning and meeting structures in place where health and social care matters are reported, scrutinised and accountable.

A member commented that the Audit Committee could receive the minutes of the

Manchester Local Care Organisation Audit Committee to be made aware of the matters being audited.

### **Decisions**

1. To note the report submitted and the comments received.
2. To note the current assurance framework, planned developments.
3. To note that arrangements will be made for a meeting of the Chair of the Audit Committee (Councillor Ahmed Ali) and Councillor Russell (as an Audit Committee Member) and the Chair of the Audit Committee (Manchester CCG) to identify and discuss areas of potential common interest between the two audit committees.
4. To request that the minutes of the Manchester Local Care Organisation Audit Committee be submitted to the Audit Committee for information.

### **AC/19/08 Work Programme and Audit Committee Recommendations Monitor**

The report of the Governance and Scrutiny Support Unit which contained responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

### **Decisions**

To note that the Work Programme and Recommendations Monitor will be updated for the next meeting of the Audit Committee.