

**Manchester City Council
Report for Information**

Report To: Audit Committee - 23 June 2017

Subject: Internal and External Audit Recommendations

Report of: City Treasurer / Head of Audit and Risk Management

Summary

This report summarises the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations.

Recommendations

Audit Committee to note the report.

Wards Affected:

All

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Background documents (available for public inspection):

Documents used in the development of the assurance report include:

- Internal Audit reports to Audit Committee 2016/17

1 Introduction

- 1.1 At Audit Committee in January 2017 Members were advised of the detailed position in respect of outstanding, high priority internal audit recommendations. High priority represents those classified by Internal Audit as significant, major and critical. Members requested ongoing monitoring of outstanding recommendations made by both internal and external audit and in particular that, where agreed actions have not been implemented within nine months of the due date, that the relevant Strategic Director and Executive Member attend Committee to explain the reasons for this and proposed actions.

2 Process

- 2.1 Internal Audit follow up actions agreed in response to high priority recommendations made in both internal audit and external audit reports. Auditees are encouraged to provide updates as soon as agreed actions have been completed, but Internal Audit also follow up formally at least quarterly. As part of follow-up, managers are required to provide evidence to confirm implementation and Internal Audit may re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively.
- 2.2 Progress made in the implementation of internal audit recommendations is reported quarterly to Directorate Management Teams, Strategic Management Team and Audit Committee. Progress on external audit recommendations is reported half-yearly. This report focuses solely on internal audit as there are currently no external audit recommendations outstanding.
- 2.3 If recommendations are not implemented within 12 months of their due date, the approach taken by Internal Audit has been to refer risks back to Strategic Directors and report this position to Audit Committee. The approach does allow for some older recommendations to be monitored beyond 12 months if the agreed actions appear to be nearing completion or if further audit follow up work is planned.
- 2.4 From March 2017, for any high priority recommendations over six months old Executive Members will be notified for information. At nine months overdue, Strategic Directors are required to attend Audit Committee with the relevant Executive Member to explain the position and any actions being proposed to address or accept the reported risks.

3 Current Position

- 3.1 The position in terms of outstanding significant, major or critical internal and external audit recommendations is summarised below.
- 3.2 There are now no high priority recommendations outstanding over nine months and 15 under nine months as shown below. This is a small increase

on total number of overdue recommendations since the last period as a few new audit recommendations have now moved passed their agreed implementation dates.

Overdue More than Nine Months

- 3.3 Internal Audit have confirmed that actions have been taken to fully implement all but one of the recommendations made as part of the Secondary Pupil Referral Unit (PRU) audit. The final matter to be addressed was in respect of business continuity and the PRU are in the process of developing their Business Continuity plan with a view to have it approved by Governors by the start of the next academic year. As such it is of the view of Internal Audit that the risks identified in the original audit have been substantially addressed and the audit is now be closed with the remaining risk confirmed to Governors to address as planned.
- 3.4 In March, one recommendation remained outstanding in relation to Parks Operational Management. The recommendation was for operational procedures to be documented to support consistency and continuity of approach across the Service. Agreed actions to develop an Operational Plan to support the Strategy were confirmed as complete, and the procedures made available to staff in June 2017 and the audit has been closed.
- 3.5 Capital Programmes and Property Financial Control and Fees Management has one recommendation outstanding which is that the Interim Head of Delivery agreed to introduce standardised fee calculation and management processes across the Education, Placemaking and Highways functions of Capital Programmes. A standardised costing and fees model for capital programmes has now been developed in conjunction with finance and is being implemented with the oversight of the City Treasurer. As such this recommendation has been confirmed as implemented and the audit closed.

Overdue Less than Nine Months

- 3.6 15 recommendations have been outstanding for under nine months. These will be the area of audit focus in July / August as progress continues to be monitored related to the following reports.

- Contract Management – Children’s and Families
- ICT Incident Management
- North West Construction Hub Performance Management Framework
- ICT Contracts Management
- NW Foster Care Framework Monitoring
- Community Alarms
- Hybrid Mail Project

4 Recommendations

- 4.1 Members are requested to note the current process and position in respect of high priority Internal Audit recommendations. Internal Audit will provide

specific updates to Strategic Directors and Executive Members where recommendations are over 6 months old and will confirm invitations to Strategic Directors to provide updates on those over 9 months at future Audit Committee meetings.