

**Manchester City Council
Report for Information**

Report To: Audit Committee - 30 November 2017
Subject: Outstanding 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 are asked to note the current process and position in respect of high priority Internal Audit recommendations and are requested to confirm the proposal to write back the recommendation made to ICT regarding out of hours working recommendation given assurances provided to Audit Committee by the CIO in October 2017.

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 and 2017 to date
- Outstanding Audit Recommendations Report to Audit Committee June and August 2017

1 Introduction

- 1.1 Audit Committee are provided with regular reports on actions taken to address outstanding high priority recommendations made by both Internal and External audit.
- 1.2 Audit Committee have previously agreed to focus on agreed actions which had not been implemented within nine months of the due date. Where this is the case the relevant Strategic Director and Executive Member are to attend Audit Committee to explain the reasons for delay and to confirm proposed actions.
- 1.3 It has been agreed that details of progress on all individual outstanding recommendations be provided to enable greater oversight of progress to address exposure to risk. High priority represents those recommendations classified by Internal Audit as significant, major and critical and deadlines are those agreed with the business at the time of the audit. This report provides these details.
- 1.4 The report focuses solely on Internal Audit recommendations as there are currently no External Audit recommendations outstanding.

2 Process

- 2.1 Internal Audit follows up actions agreed in response to high priority recommendations made in both internal audit and external audit reports. Management are asked to provide updates as actions are progressed and when completed and Internal Audit follows up formally at least quarterly to confirm that progress is being made. Management are required to provide evidence to support and confirm implementation to enable an assessment to be made on sufficiency of those actions. Internal Audit consider this evidence and may re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively. Sometimes this may require a follow up audit to be completed and agreed actions are considered within that new audit and existing recommendations are then considered superseded.
- 2.2 Progress made in the implementation of agreed actions from audit reports is reported quarterly to Directorate Management Teams (DMTs), Strategic Management Team (SMT) and Audit Committee.
- 2.3 For any high priority recommendations over six months old Executive Members are now 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.
- 2.4 If recommendations are not implemented within 12 months of their due date and subject to any additional requirements or actions agreed by Audit Committee, Internal Audit refer the risks back to Strategic Directors to consider as part of their assurance risk assessment.

3 Current implementation Position

- 3.1 The position in terms of high priority internal audit recommendations is summarised below and provided in more detail in the appendices below

Implemented Recommendations (appendix 1)

- 3.2 Since the last update in August 2017 Internal Audit has confirmed that there have been 12 recommendations implemented or mitigated which will enable four audits to be closed as a result. These audits will be removed from the next recommendations update report.

- Children and Families Contract Management (2)
- ICT Contract Management (3)
- Highways Network Assets (2)
- Adult Safeguarding Quality Assurance Framework (4)
- North West Foster Care Framework (1)

Outstanding Recommendations

- 3.3 In total 16 recommendations in 10 reports are currently overdue past the agreed implementation dates as follows:

- recommendation has been outstanding over nine months
- 8 recommendations are six to nine months overdue
- 7 recommendations are between one and six months overdue

- 3.4 Internal Audit has provided DMTs with updates on the status of all recommendations where appropriate in the latest Directorate assurance reports and continue to liaise with management to establish progress and evidence of implementation.

Overdue More than Nine Months (appendix 2)

- 3.5 There is one audit recommendation which is over nine months overdue in relation to ICT Incident Management. It is proposed that this is referred back to the business. This follows the risk being subject to review at Audit Committee in August 2017 when new actions and deadlines were agreed. The details are provided below.

Overdue more 6 – 9 months (appendix 3)

- 3.6 Internal Audit has notified senior managers and Executive Members on the following audits where nine recommendations have reached six months or more overdue by the end of November 2017 to enable them to consider the associated risks. Currently this involves eight recommendations in five audit reports. Specifically these are:

- NW Foster Care Framework Monitoring (1 of 4 overdue)
- Suspense Accounts (3)

- North West Construction Hub (1)
- Fleet Colocation (1)
- Christmas Markets (2)

Overdue less than 6 months (appendix 4)

3.7 Six recommendations have been outstanding for under six months in four audit reports. Some of these reports also include additional recommendations which have not yet fallen due and all have agreed action plans. These continue to be a focus of Internal Audit monitoring and some have only recently become overdue. The recommendations are all shown in appendix one and relate to the following reports:

- Public Health Contracts Management (1)
- HR Resourcing – ATS System (1)
- ICT Email and Internet Filtering (1)
- NW Foster Care Framework Monitoring (3 of 4 overdue)
- Events Management (1)

4 Recommendations

- 4.1 Audit Committee are asked to note the current process and position in respect of high priority Internal Audit recommendations.
- 4.2 Audit Committee are requested to confirm the proposal to write back the recommendation made to ICT regarding out of hours working given assurances provided to Audit Committee by the CIO in October 2017.

Appendix 1 – Implemented Recommendations

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>Contract Management – Children & Families 24 March 2016</p>	<p>31 Dec 2016</p>	<p>The proposed implementation of the SAP contracts module is a key priority and essential to the Directorate in their capacity to improve the quality, accuracy and completeness of contract information.</p> <p>Whilst we understand from the Project Officer that funding was agreed and the project approved through the relevant gateways, implementation is on hold. The ICT Strategic Lead for Children’s services should provide an up to date position statement and timeframe to allow the identification of a suitable implementation partner.</p>	<p>The SAP contract management module will provide a central repository for all contractual information. It will also enable a scheduled programme of work to be conducted regarding contract compliance, compilation of reports/KPIs and effective reporting. Currently data is stored in a number of locations on Excel spreadsheets which present business risks in terms of potential data loss and also require laborious manual integration if reports are needed.</p>	<p>Recommendations centred on expanding a SAP contracts module across the Council to help standardise contract recording arrangements. Progress was limited by a higher prioritisation of competing ICT projects however there is now an integrated commissioning and contract management group established to enable action to be taken on a strategic level and we acknowledge that this feeds into the work being carried out on a corporate scale into 2018/19 and the implementation of an ICT solution which is beyond the control of Children’s Services.</p> <p>We are satisfied with sufficiency of interim arrangements put in place. Developments included the establishment of a</p>	<p>Director: Paul Marshall, Director of Children’s Services and Carol Culley, City Treasurer</p> <p>Executive Member: Councillor S Newman and Councillor Flanagan</p> <p>Status: CLOSED</p> <p>Action: Letter to Cllr Newman, Cllr Flanagan, Carol Culley and Paul Marshall confirming closure.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>The project is currently being progressed as a solution for Children's and Families contracts only and we strongly recommend that the PID proposes the project as a corporate solution. Clearly this would require Corporate support including consideration and agreement of funding and should be discussed with the Deputy City Treasurer, Head of Corporate Procurement and the ICT Board.</p> <p>Once finalised the PID should then be submitted to ICT's project prioritisation group for approval and programming.</p>		<p>centralised contracts register, skills and consistency checks between contracts and commissioning staff and a function to increase consistency of approach set within the context of continuous improvement and ensuring regular provider management meetings.</p> <p>Internal Audit Opinion: Mitigated by other means</p>	
Contract Management – Children & Families	31 Dec 2016	<p>There needs to be a clear strategy to improving the approach to contract governance. The strategy should set</p>	<p>Recent internal audits of the Adults contract management function and the fostering and residential service in</p>	<p>As above.</p> <p>Internal Audit Opinion: Mitigated by other means</p>	<p>As above</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
24 March 2016		<p>out the key principles covered as part of the contract management lifecycle and typical contract risk and control issues.</p> <p>This should be linked to improvements in the approach being taken to commissioning of services, greater visibility over contract information, better risk prioritisation of contracts, people skills and capacity and an agreed assurance framework for reporting on contract performance and compliance.</p>	<p>Children's have been broadly positive and there is clear contract governance in place. The intention is to implement the recommendation through applying a more consistent approach across all contract management activity learning from the best practice approaches in other parts of the function.</p>		
Highways Network Asset	30 June 2017	<p>The Highway Asset Manager should ensure that the Council receives assurance from the Structures and Inspection Team that the accuracy of data included in the Atkins</p>	<p>Structures valuation figures to be checked and endorsed by the team leader when submitted to the Highways Asset Manager.</p>	<p>Highways Asset Manager provided Internal Audit with a copy of the guidance document for collation of the Highways Network Asset figures. This clearly confirms the expectation that this assurance will be provided,</p>	<p>Director: Kim Dorrington, Strategic Director, Highways, Transport and Engineering</p> <p>Executive Member:</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		database has been confirmed prior to the valuation certificate being produced.		<p>and highlights the responsible officer.</p> <p>Confirmed that evidence of assurance provided is now retained and procedures have been communicated.</p> <p>Internal Audit Opinion: Implemented</p>	<p>Councillor Stogia</p> <p>Status: CLOSED</p> <p>Action: Confirm closure by letter to Executive Member and Strategic Director</p>
Highways Network Asset	30 June 2017	The Highway Asset Manager should request formal assurance from AMEY over the accuracy and quality of the Street Lighting Data and agree the means to obtain this in advance of the figures being fed into the Council's accounts.	Street lighting valuation figures to be checked and endorsed by AMEY Manager when submitted to the Highways Asset Manager.	<p>Highways Asset Manager provided Internal Audit with a copy of the guidance document for collation of the Highways Network Asset figures. This clearly confirms the expectation that this assurance will be provided, and highlights the responsible officer.</p> <p>It should be noted that the risk profile of this action changed as the accounting requirement for the Council's accounts has been removed. Nonetheless, the figure is still required for the Whole of Government Accounts.</p>	As above

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				<p>Confirmed that evidence of assurance provided is now retained and procedures have been communicated.</p> <p>Internal Audit Opinion: Implemented</p>	
<p>Contract Management – ICT Contracts 30 Nov 2016</p>	<p>31 March 2017</p>	<p>The Chief Information Officer and Head of Service should set out in the Contract Management Policy the expectations for assurance reporting on contract performance and compliance.</p> <p>This should include Governance arrangements, Ownership and Responsibility, and Format and frequency of reporting.</p>	<p>A suite of Non Functional Requirements are being developed by the Service Operations team to be shared with the DMT & Programme Management Office functions that will provide guidance as to what governance, reporting and performance metrics should form part of contract development.</p>	<p>Evidence now seen that guidance and the use of templates to improve overall contract governance have been developed.</p> <p>Internal Audit opinion: Implemented</p>	<p>Director: Bob Brown, CIO</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: CLOSED</p> <p>Action: Letter to Strategic Director to confirm closure</p>
<p>Contract Management – ICT Contracts</p>	<p>31 March 2017</p>	<p>The Chief Information Officer needs to ensure that future contract specifications clearly</p>	<p>Functional and Non Functional Requirements must be collected for ALL new</p>	<p>Technical architecture team gather functional requirements and are assisting in development of</p>	<p>As above</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
30 Nov 2016		<p>reflect the basis on which the contract will be performance measured and linked to payment. The method for gathering information to support this process should also be defined.</p> <p>Any work to redefine appropriate performance measures for existing contracts should be focussed on development of the higher risk contracts.</p>	<p>projects in addition to building a post-delivery support model as part of Project Transition activities</p> <p>Existing contracts with poor performance metrics will need input from Business Units/Strategic Business Partners as to requirements/to analyse /commercial considerations as to affordability versus risk of the status quo.</p>	<p>more robust performance measures. Evidence now seen that None Functional Requirements document has been developed to ensure that all of this information is recorded in a meaningful way.</p> <p>A review of a recently awarded contract confirmed the level of detail being used to ensure that specifications are clear over the expectations of the Council and the actions that will be taken should performance not reach the required standards.</p> <p>Internal Audit opinion: Implemented</p>	
<p>Contract Management – ICT Contracts 30 Nov 2016</p>	<p>31 March 2017</p>	<p>The Chief Information Officer, in conjunction with the Head of Procurement, should ensure that the contract provides clarity over the structure of payment</p>	<p>Contract payment profiles to be considered as part of the requirements gathering phase of all new procurement activity and commercial</p>	<p>A cost model template was used for costing a particular contract before further roll out. ICT officers worked with Finance team to refine the model and ensure that</p>	<p>As above</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		terms and charges during the contract period.	negotiations to be conducted	budgets accurately reflected the cost of the contract. Internal Audit opinion: Implemented	
North West Foster Care Framework – Contract Monitoring Review 25 January 2017	30 March 2017	Management must ensure that staff with responsibility for monitoring and controlling the cost of placements have a full understanding of the financial and commercial aspects of the contract including; Volume discounts; Sibling discounts and Savings proposals.	Review has already commenced in the application of discounts and savings proposals. 700 lines of enquiry 500 already completed. To agree robust process with finance.	Key officers attended a risk/training session which covered how charges should be calculated, this also now forms part of the checks undertaken during monitoring visits undertaken by Contract Officers. Internal Audit opinion - Implemented	Director: Paul Marshall, Director of Children’s Services Executive Member: Councillor S Newman Status: CLOSED Action: Issue letter to Strategic Director confirming closure of one recommendation – four remain outstanding.
Adult Social Care: Safeguarding Quality Assurance 5 April 2017	30 June 2017	The Interim Head of Adult Safeguarding, Quality and Compliance should consider:	Moderation to be increased as suggested.	Practice guidance received (it is called a checklist). This is for social workers rather than auditors to set out expectations for the quality of information captured by	Director: Carolyn Kus, Executive Director for Strategic Commissioning and Director of Adult

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		<p>Increasing the number of moderation audits, at least in the short term, to obtain greater assurance over consistency and quality of completion;</p> <ul style="list-style-type: none"> • Adopt a similar approach to support new auditors; and <p>Issuing an audit practice instruction to Quality Assurance auditors and team managers / senior social workers setting out expectations for narrative reporting on audits.</p>	<p>Practice guide to be developed and circulated.</p>	<p>them. The approach taken by the QA team has been outlined in the QA and Safeguarding risk register which is a positive step. It is described as “Inconsistencies in recording on the RAG tool between practitioners is being addressed in the short term by quarterly workshops and regular audit feedback sessions that are already booked. Any learning issues to be linked to learning development sessions to be delivered.” Evidence seen of the individual staff feedback form that is used.</p> <p>Internal Audit opinion: Implemented</p>	<p>Social Care Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: CLOSED</p> <p>Action: Meeting arranged with the Service to provide additional advice and guidance based on existing audit practice. This is to enhance service and is not considered to be a further recommendation.</p>
<p>Adult Social Care: Safeguarding Quality Assurance 5 April 2017</p>	<p>30 June 2017</p>	<p>The Interim Head of Adult Safeguarding, Quality and Compliance should consider:</p>	<p>Moderation to be increased as suggested.</p> <p>Practice guide to be developed and circulated.</p>	<p>Practice guidance received (it is called a checklist). This is for social workers rather than auditors to set out expectations for the quality of information captured by them. The approach taken</p>	<p>As above</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>Increasing the number of moderation audits, at least in the short term, to obtain greater assurance over consistency and quality of completion;</p> <ul style="list-style-type: none"> • Adopt a similar approach to support new auditors; and <p>Issuing an audit practice instruction to Quality Assurance auditors and team managers / senior social workers setting out expectations for narrative reporting on audits.</p>		<p>by the QA team has been outlined in the QA and Safeguarding risk register which is a positive step. It is described as “Inconsistencies in recording on the RAG tool between practitioners is being addressed in the short term by quarterly workshops and regular audit feedback sessions that are already booked. Any learning issues to be linked to learning development sessions to be delivered.”</p> <p>Evidence seen of the individual staff feedback form that is used.</p> <p>Internal Audit opinion: Implemented</p>	
<p>Adult Social Care: Safeguarding Quality Assurance 5 April 2017</p>	<p>30 June 2017</p>	<p>The Interim Head of Adult Safeguarding, Quality and Compliance should review management and Board reporting arrangements, taking the following into account:</p>	<p>Reporting arrangements to be reviewed, revised reporting arrangements will be discussed and agreed with PRI</p>	<p>The QA and Safeguarding risk register includes the following requirements “Monitor the implementation of the QA framework overseen by the Quality Improvement board” and</p>	<p>As above</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>1. We were told that P&I will provide data reports in future. This should be checked to the QA audit dashboard to ensure it is accurate prior to presentation to the Board.</p> <p>2. Consider reporting additional data sets on the dashboard, such as number of audits:</p> <ul style="list-style-type: none"> • Allocated; • Completed in the Quarter; • Completed with the practitioner present; and • Remedial actions raised and implemented. <p>3. Narrative reports: A commentary on the data report including any concerns over performance and what</p>		<p>“Monitoring remains in place and remains overseen by the board.”</p> <p>There is currently a redevelopment of the RAG process due to barriers to completion. Staff report that the current RAG does not link to the process in MiCare thus making the process longer searching for information. Following a review of the RAG it was identified that some of the systems errors lay with MiCare and that also needs to be amended. During the redevelopment it was also noted that there was a lot of duplication within both MiCare and the RAG. This will take some time to redevelop and move forward.</p> <p>Internal Audit Opinion: Implemented</p>	

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		is being done to address them.			
Adult Social Care: Safeguarding Quality Assurance 5 April 2017	30 June 2017	<p>The Interim Head of Adult Safeguarding, Quality and Compliance should consider implementing the following changes:</p> <ul style="list-style-type: none"> • Have the audit tool amended to include a dedicated area for recording remedial actions. • Include guidance on the process in the audit practice instruction at Recommendation 3 above. <p>A central record of remedial actions should be maintained by the QA Team and progress with implementation reported to the Board. This should include actions identified on all audits and should be used to inform reporting to senior managers and</p>	<p>Amend guidance and audit tool to ensure understanding of the need for remedial actions to be tracked.</p> <p>Record of remedial actions to be set up and reported to Quality Board</p>	<p>This is stored as a shared google sheet and is basic at the moment and could be developed further. Nevertheless it is functional.</p> <p>Remedial actions are recorded outside of the RAG with the ability to review recommendations at 1 month, 2 month and 3 monthly intervals.</p> <p>Themes around compliance or process are now communicated monthly to MS via a management report.</p> <p>Records are held on a shared drive on feedback forms (Open to QA only) to ensure that any recommendations are followed up correctly and timely.</p>	As above

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		the Board on progress and to identify thematic improvement issues which may need to be addressed, for example by additional guidance or training.		Internal Audit Opinion: implemented	

Appendix 2 – Recommendations > 9 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
ICT Incident Management	31 October 2016	<p>The Chief Information Officer, in conjunction with the Strategic Business Partner (Corporate Core) should consider the inclusion of appropriate contractual conditions to ensure that staff are available in the event of any major incident. Where working hours during an incident are projected to be significantly longer than usual, the Chief Information Officer should develop arrangements to support him in ensuring that there are no breaches of the European Union Working Time Directive.</p> <p>The Risk and Resilience Manager should include consideration of contractual obligations of key staff and consideration of the European Union Working</p>	Working with HR the Head of Service Operations will review the current on call and working provisions in terms of cover, expectations, terms and conditions and payments.	<p>Responsibility for addressing this issue has been assigned.</p> <p>Internal Audit has seen a rota for out of hours coverage and confirmed that this is being shared among a greater number of staff.</p> <p>Internal Audit Opinion: not implemented</p>	<p>Director: Bob Brown, CIO</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: Close – Refer</p> <p>Action: CIO attended 5 October Audit Committee as recommendation was more than nine months overdue. A revised implementation plan was presented showing a delivery date of July 2018.</p> <p>As this recommendation is now more than 12 months overdue and a new plan is in place</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		Time Directive as part of the guidance on developing BCPs.			Internal Audit will refer the recommendation back to the business.

Appendix 3 – Recommendations 6-9 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>NWCH, Performance Management Framework</p> <p>22 March 2016</p>	<p>31 March 2017</p>	<p>The Interim Head of Delivery should establish a performance management framework for projects delivered outside of the Hub.</p> <p>This should consider the establishment of KPIs, the frequency and forms of collating performance data, how poor performance will be dealt with, processes over lessons learnt and continuous improvement.</p>	<p>The establishment of the Development Management Framework to monitor and report on capital projects has now been agreed by MCC. The DMF provides one version of the truth consolidating construction data at project level encompassing schedule, cost and resource information linking it to socio and economic outputs. The DMF utilises Primavera, an industry leading Enterprise Programme Management tool to provide programme management, interface management, baseline management and performance management visibility.</p>	<p>The performance metrics are at project and programme level. A priority for the new Head of the PMO (Programme Management Office) is to provide consistency, procedure/process, quality and standards. System options are being assessed.</p> <p>The Interim Director confirms an interim solution is in place to monitor activity including reporting measures against key indicators and creation of the Strategic Capital Board. The PMO will monitor and report on progress, cost, risk and outcomes via dashboard information from the Portfolio Boards. Internal audit consider this is appropriate and will confirm use before classifying as implemented.</p>	<p>Director: Carol Culley, City Treasurer</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: Eight months overdue</p> <p>Action: Reported to Councillor Flanagan and Carol Culley Strategic Director in October to confirm that attendance may be required at January 2018 Audit Committee if this recommendation remains</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				<p>Internal Audit opinion: partially implemented</p>	<p>outstanding at the end of December.</p>
<p>North West Foster Care Framework – Contract Monitoring Review 25 January 2017</p>	<p>30 March 2017</p>	<p>Management must validate the accuracy of all existing placement charges to identify the extent of discrepancies and potential over/under charging. Identified overpayments should be taken up with the Provider to recover overpaid amounts and ensure the correct chargeable rate is applied.</p>	<p>Review has already commenced in the application of discounts and savings proposals. 700 lines of enquiry 500 already completed. To agree robust process with finance</p>	<p>The service had completed analysis of relative under/over spend against each child based on the framework spend. The team then went on to prioritise recovery from the top 5 providers (a total of around £110K resulting in £90k being recovered to date. Additional review capacity has been added and Internal Audit has recently been informed that new checks are now taking place and a work plan developed to enable case by case analysis.</p> <p>Internal Audit opinion: partially implemented. Internal Audit to corroborate against relevant evidence to confirm.</p>	<p>Director: Paul Marshall, Director of Children’s Services</p> <p>Executive Member: Councillor S Newman</p> <p>Status: Eight months overdue in part</p> <p>Action: Letter issued to Executive Members and Strategic Director in October 2017 who were informed that they may be required to attend the Audit Committee</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
					in January 2018 if this remains overdue at 31 December 2017
Suspense Accounts	End of May 2017	<p>The Finance Manager responsible for the Housing finance system should consolidate Suspense 01 and Suspense 02 into one account and this should be cleared regularly with any balances over twelve months old written off to windfall income.</p> <p>The Finance Manager should revise arrangements for allocating bank charges and should allocate them to an appropriate cost centre rather than the Suspense 02.</p> <p>Suspense 04 should be written off to HRA windfall income and the suspense account closed. All future suspense items should then be held in suspense 01/02 and cleared regularly in line with Council procedures.</p>	<p>No action to be taken in Civica – a new rent accounting system is being implemented and the Group Finance Lead for Housing will ensure that the new system takes into account these recommendations.</p> <p>Bank charges will be paid directly from the revenue account with immediate effect. The rationale for holding accounts 01 and 02 is that it is more transparent which amounts do not relate to Housing and where a transfer has been requested. The new system will be reviewed to ensure that movements within</p>	<p>The new Housing system is in the process of being implemented but is not yet fully operational. We will seek a further update from managers in due course once the new system is in place.</p> <p>Given the delay in implementation of the new system finance managers are assessing the action that can be taken in the existing system. A paper will be provided to the City Treasurer to approve proposed action.</p> <p>Internal Audit Opinion: not implemented</p>	<p>Director: Carol Culley, City Treasurer</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: Six months overdue</p> <p>Action: Letter issued to Councillor John Flanagan and Carol Culley to who were informed that they may be required to attend Audit Committee in January 2018 if this is not</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			suspense can be identified more clearly.		resolved by December 2017.
Suspense Accounts	31 March 2017	<p>The Chief Accountant should ensure that all suspense accounts are cleared regularly and that finance managers provide assurance that this is done.</p> <p>To do this we proposed that a procedure note is issued to remind managers and staff of the actions required to clear all suspense accounts balances periodically such as every six months. Internal Audit will work with the Chief Accountant in developing the procedural guidance. Any exceptions should be agreed at senior management level in finance.</p> <p>The DWP should be formally contacted to confirm they do not want the monies back and the</p>	<p>Procedural guidance will be developed and issued. An age analysis of items in suspense accounts will be requested on a quarterly basis to accompany the income system reconciliations.</p> <p>Senior management at the DWP to be contacted and advised of the issue so the money can be forwarded to the correct place. They will be informed that if no response is received the money will be written off as windfall income to the general fund.</p>	<p>The procedure note includes the relevant information.</p> <p>DWP income - We recognise that a decision has now been made to write off the outstanding balance as windfall income but this has not yet been actioned to enable this recommendation to be closed.</p> <p>Internal Audit Opinion: partially implemented</p>	<p>Director: Carol Culley, City Treasurer</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: Eight months overdue</p> <p>Action: Letter issued to Councillor John Flanagan and Carol Culley to who were informed that they may be required to attend Audit Committee in January 2018 if this is not resolved by December 2017.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		Council can then write this off as windfall income to the General Fund.			
Suspense Accounts	11 April 2017	<p>The Chief Accountant should include within the proposed new guidance for suspense accounts that: an annual analysis should be provided with the P12 reconciliation detailing the number of suspense accounts; the value of monies in suspense; and the value of any aged transactions.</p> <p>Details of balances should be collated and an age analysis carried out to decide whether further action or write off is required.</p>	This will be included in the procedural guidance. This requirement has already been included in the final accounts timetable issued for 2016/17.	<p>The guidance has been developed. Age analysis of balances for each suspense account has been provided and further action required assessed. The level of aged monies in suspense has reduced. With evidence that this process is embedded implementation will be confirmed.</p> <p>Internal Audit Opinion: partially implemented</p>	<p>Director: Carol Culley, City Treasurer</p> <p>Executive Member: Councillor Flanagan</p> <p>Status: Seven months overdue</p> <p>Action: Letter issued to Councillor John Flanagan and Carol Culley to who were informed that they may be required to attend Audit Committee in January 2018 if this is not</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
					resolved by December 2017.
<p>Christmas Markets</p> <p>10 February 2017</p>	1 April 2017	<p>The General Market Manager should ensure that a procedure for vacant food and craft stalls is documented and followed in full.</p> <p>For any stalls that do not follow the agreed allocation procedure, discussions and actions should be recorded to show the reasons for non-compliance.</p> <p>An annual report should be provided to Senior Management for approval of decisions that deviate from the allocation procedure in advance of sites being confirmed with traders.</p>	To produce the allocation processes documentation with identified sign off sheets and add to the Standard Operating Procedure manual	<p>Management have reported that they have put a revised allocation policy in place and completing a full measure of all sites and houses on the site.</p> <p>Internal Audit Opinion – not implemented. Internal Audit to carry out a follow up audit to test application of the new processes</p>	<p>Director: Sara Todd</p> <p>Executive Member: Councillor Rahman:</p> <p>Status: Eight months overdue</p> <p>Action: Escalation letter to be issued to Executive Member and Strategic Director.</p> <p>Follow Up Audit agreed</p>
Christmas Markets	1 April 2017	An exercise should be undertaken to accurately measure and record the sizes of each chalet, and to	All sites to be measured by Corporate Technical Services and incorporated into the	As above.	Director: Sara Todd

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
10 February 2017		ensure that the pricing calculations and trader application forms are amended as appropriate	new control spreadsheet		<p>Executive Member: Councillor Rahman</p> <p>Status: Eight months overdue</p> <p>Action: Escalation letter to be issued to Executive Member and Strategic Director.</p> <p>Follow up Audit agreed</p>
Fleet Colocation 9 January 2017	1 April 2017	The Fleet Manager should ensure that when the Uniform system has been adopted, management information is produced directly from the system. The IT co-ordinator has confirmed that he will provide support to the Fleet Manager to in developing arrangements for producing	Once 'Uniform' has been fully implemented and working as intended, we will work with ICT colleagues to develop reports such as those described. If it is proven that these are less time consuming and more accurate than current systems, which we have developed in	Business have confirmed that monthly KPI's for management information are still produced via a number of different sources as reports still not available from the Uniform system. There are monthly productivity report and statistics on numbers and type of compliance tests being undertaken and	<p>Director: Sara Todd</p> <p>Executive Member: Councillor Rahman</p> <p>Status: Eight months over due</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		management information directly from uniform.	the absence of an ICT solution then we will be able to adopt the recommendation.	tracked against Licensing Unit demand. Internal Audit Opinion: not implemented	Action: Escalation letter to be issued to Executive Member and Strategic Director

Appendix 4 – Recommendations 1-6 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>North West Foster Care Framework – Contract Monitoring Review 25 January 2017</p>	<p>30 June 2017</p>	<p>Management should review the current risk evaluation process which is used to drive provider monitoring visits. In reviewing the current approach this should seek to ensure the following is taken into account:</p> <ul style="list-style-type: none"> • Number of placements and value of spend; • Criteria, including related assurance activity, including sources of intelligence and information received through care workers, other Contracted Local Authorities (CLA) or Placements North West; • ‘Joined up’ assurance - Clarifying the role of Placements North West / other CLAs to determine their approach to monitoring. 	<p>To hold a risk workshop with support from Internal Risk.</p> <p>To develop assessment of risk based on agreed criteria taking into account audit recommendations.</p> <p>Agree standard expectations for provider visits.</p> <p>To ensure that the process is joined up with Looked After Children (LAC) reviews.</p> <p>To collaborate with other Local Authorities and Placements North West.</p>	<p>A risk workshop was held and attended by key managers involved with foster care management. Key risk identified linked to the framework remaining unsigned and the implications of this. Further work was undertaken with Legal Services about a way forward. Further workshops were held to monitor progress against all risks on the register.</p> <p>Managers confirm that they now target monitoring of providers based on risk assessment reflected in the quarterly reports and this has provided clarity for monitoring officers.</p> <p>PNW are in process of rolling out a template for all GM authorities to use which will also allow information to</p>	<p>Director: Paul Marshall, Director of Children’s Services</p> <p>Executive Member: Councillor S Newman and J Flanagan</p> <p>Status: Five months overdue</p> <p>Action: Letter issued to Executive Members and Strategic Director in October 2017 to confirm the recommendation is overdue</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<ul style="list-style-type: none"> • Management quality assurance reviews of ratings assigned to Providers to ensure consistency across the team; • Maintaining of evidence to support the basis for risk ratings; • Expectations over the type and frequency of contact with a Provider." 		<p>be easily shared where appropriate. Aim is to roll this out in quarter three.</p> <p>Internal Audit Opinion: partially implemented. Internal audit to corroborate against relevant evidence before classing as implemented.</p>	
<p>North West Foster Care Framework – Contract Monitoring Review 25 January 2017</p>	<p>30 Sept 2017</p>	<p>a) The contract manager should work with Legal Services Team to decide on the necessity of progressing to formal written contract ‘sign off’ at such a late stage in the process.</p> <p>b) As a high value and high profile GM framework agreement, work should commence with stakeholders to explore the options for the re-procurement of this</p>	<p>a) Work to commence with Legal Services Team and Procurement to establish the option of contract sign off as an alternative to acceptance of the CHEST as legal binding arrangement.</p> <p>b) Review the pricing structure at a Manchester level and establish reconciliation process with Finance to ensure discounts are implemented.</p>	<p>a) Legal Services have advised that it is no-longer practical nor viable to undertake signoff for the 2014 contract. Commissioners have confirmed they will liaise with Legal Services in agreeing to the new Framework arrangement with PNW in 2018.</p> <p>Internal Audit opinion: Superseded</p> <p>b) Work has been on-going with Placements North West for the new contract</p>	<p>Director: Paul Marshall, Director of Children’s Services</p> <p>Executive Member: Councillor S Newman and Councillor Flanagan</p> <p>Status: Two months overdue in part</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>framework as the contract nears completion.</p> <p>Work and discussions should consider:</p> <ul style="list-style-type: none"> · Whether the framework is 'fit for purpose' in its current format. · A review of the current pricing and discount structure which is considered complex to administer and presents a risk of overcharging. · Treatment of longstanding Placements and how these will be incorporated and managed under new framework arrangements · The length of the agreement in view of the service being provided and strategic aims 'to create long term placements for young people' · Performance monitoring and reporting requirements. 		<p>which will be implemented from 1 April 2018. A monthly commissioning meeting has been established and has met since early September. It reviews function of Central Placements, Contracts and Commissioning teams. This has led to additional resource being added to CPT through additional Manager time and recruitment of new placement officers.</p> <p>Internal Audit Opinion: partially implemented. Internal Audit to corroborate against relevant evidence to confirm complete.</p>	<p>Action: Letter issued to Executive Members and Strategic Director in October 2017 to confirm the recommendation is overdue</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>North West Foster Care Framework – Contract Monitoring Review 25 January 2017</p>	<p>30 Sept 2017</p>	<p>Management should establish an improvement plan to support QPC team in the development of the quality assurance and monitoring process.</p> <ul style="list-style-type: none"> ● This should seek to consolidate any planned reviews of processes, templates or general improvement areas across the team and these should then be prioritised according to risk and need. ● Agree a priority schedule of monitoring visits with Providers for the remainder of the year. ● Take into account our observations. ● Ensure that all providers are included on the risk log. 	<p>Agreed: Yes Potential impact upon Children’s Placement Team as the work of Contract officers supports the delivery of the placement service.</p> <p>Action to be taken: Develop Provider Monitoring and Assurance Framework with clear achievable expectations in line with the service provided. To establish standardised processes for desk top review and recording of visits. To develop a planned schedule of visits based on risk analysis of the IFA market. To review the current activity log to ensure it incorporates management oversight and quality assurance can be evidenced.</p>	<p>We were informed that a development plan has been drafted and work on implementation has commenced however we have not yet seen sufficient evidence to consider this implemented.</p> <p>Internal Audit Opinion: not implemented</p>	<p>Director: Paul Marshall, Director of Children’s Services</p> <p>Executive Member: Councillor S Newman and Councillor Flanagan</p> <p>Status: Two months overdue</p> <p>Action: Letter issued to Executive Members and Strategic Director in October 2017 to confirm the recommendation is overdue</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			<p>Include Monitoring Activity within the Quarterly Report to DCS.</p> <p>To clarify if there is a corporate process that can be applied.</p> <p>To review sufficiency of resources to deliver placements service and contract officer allocation to visit overall providers across residential provision and supported accommodation.</p> <p>Additional Resources Required for implementation:</p> <p>The Acting Team Manager is currently 3 days per week. Additional 2 days resource required to support the work.</p> <p>Responsible Officer:</p> <p>The Strategic Commissioning Manager, Quality, Performance and</p>		

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			<p>Compliance in conjunction with the Acting Quality, Performance and Compliance Manager</p> <p>Target Date: Interim draft by 30 June 2017 and delivery date by 30 September 2017.</p>		
<p>Public Health Contracts – Contract Management 28 February 2017</p>	<p>30 Sept 2017</p>	<p>a) As a priority, the Strategic Commissioning Manager and Commissioning Lead should establish and agree with the Provider the revised performance framework and measures to be put in place for the revised 0-5 Health Visiting Contract.</p> <p>b) The Strategic Commissioning Manager should review the quality of existing performance requirements across other key contracts to ensure these remain appropriate.</p>	<p>Work is currently taking place regarding the 0-5 contract. SCM will work towards b. However, it should be noted that the team has had low capacity for over 12 months and is about to go through a period of change with the transition to Manchester Health & Care Commissioning (MHCC) from 1 April 2017. The Public Health commissioning function will be integrated within the MHCC function.</p>	<p>Key commissioning officers have been working with the provider to develop a new service model. As the new model is still in development so are the performance frameworks. The intention is to develop an integrated service specification with Early Years jointly tender for this service in 2018. The Early Years outcomes will be integrated into this specification and performance framework. The Commissioning Manager is working with City Solicitors and</p>	<p>Director: Dr Carolyn Kus, Executive Director for Strategic Commissioning and Director of Adult Social Care Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: Two months overdue</p> <p>Action: Monitoring</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		The focus should be those contracts that were novated across from the NHS and have not yet been subject to a detailed retendering exercise.		Corporate Procurement regarding this. Internal audit Opinion: partially implemented	
ICT Email and Internet Filtering 27 July 2017	31 August 2017	The Head of Service Operations should implement a password value system to manage the access to the IT systems passwords.	This requirement is currently with our outsourced service provider. They are assessing feasibility of implementing password vault and reverting back with their recommendations by August.	External solution proved to be cost prohibitive but an internal solution has been identified and the team are currently designing the solution. This is expected to be in place imminently. Internal Audit Opinion: partially implemented	Director: Bob Brown, CIO Executive Member: Councillor Flanagan Status: Three months overdue Action: Monitoring
HR Resourcing – ATS System 3 July 2017	1 Sept 2017	The HROD Operations Manager should as planned investigate if approver one and approver two can be individually identified on ATS to ensure a full clear audit trail of the approval process.	Work is currently on going with Engage (system provider) to explore options for identifying Approver 172. It has been suggested that details from the request to recruit process are	The ATS system is not currently able to provide a report which details the names of approvers which is due to the way in which managers log into the system. The SSC Operations manager has had a meeting with the	Director: Lynne Ridsdale, Director HROD Executive Member: Councillor Flanagan

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			included in the standard reporting within the system which will allow SSC/Audit to produce future reports which identify the Approver for each request.	Client Director of Engagement to discussion options. The Client Director is scoping and costing options for delivering this in the future. Internal Audit Opinion: not implemented	Status: Three months overdue Action: Monitor
Events Management 10 February 2017	30 Sept 2017	The Head of Events, in conjunction with colleagues from Corporate Procurement should review the existing approach to procuring suppliers and services in relation to events. This should include; • Consideration of the most appropriate procurement method to meet service objectives including bringing some areas of expenditure under contract or framework agreement; • Analysis of total value expenditure with existing providers to identify related spend; and	The Head of Events, will brief all staff within the service on the new process for waiver exemption and will ensure tighter controls are established to maintain compliance with the Council's waiver exemption rules.	Internal Audit have asked for an update on the action to address this recommendation. Internal Audit Opinion – not implemented	Director: Sara Todd Executive Member: Councillor Rahman Status: Two months overdue Action: Monitoring

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<ul style="list-style-type: none">• Reduced dependency on waiver exemptions (only to be used in exceptional circumstances).			