

## **Manchester City Council Report for Information**

**Report to:** Audit Committee - 25 January 2018

**Subject:** Outstanding Audit Recommendations

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

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### **Summary**

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

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### **Recommendations**

Audit Committee are asked to note the current process and position in respect of high priority Internal Audit recommendations.

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### **Wards Affected: All**

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### **Contact Officers:**

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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 Reports to Audit Committee June; August and November 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 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 Details of progress on all individual outstanding recommendations are provided to Strategic Management, Executive Members and Audit Committee to enable 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 management 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 provide independent assurance that progress is being made. Management are required to provide evidence to support and confirm implementation to enable an assessment of sufficiency of actions taken. 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.
- 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 own assurance risk assessment.

- 2.5 Strategic Director assurance over the implementation of recommendations is also obtained as part of annual governance statement questionnaires completed by all Heads of Service, the results of which are summarised in the Council's Annual Governance Statements.

### **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 November 2017 Internal Audit has confirmed that there have been 11 high priority recommendations implemented in six reports.
- North West Construction Hub (NWCH) Performance Management Framework (1)
  - North West Foster Care Contract monitoring (2)
  - Christmas Markets (5)
  - Suspense Accounts (1)
  - Public Health Contract Management (1)
  - Fleet Colocation – Taxi Compliance Tests (1)
- 3.3 For two of these reports (NWCH and Public Health Contract Management) all agreed actions are now confirmed as implemented and they will be removed from the next update report.

#### **Outstanding Recommendations**

- 3.4 In total 16 recommendations in 8 reports are currently overdue past the agreed implementation dates as follows:
- recommendations have been outstanding over nine months
  - recommendations are six to nine months overdue
  - 11 recommendations are between one and six months overdue
- 3.5 Internal Audit has provided Directorate Management Teams ("DMTs") with updates on the status of all recommendations where appropriate in the latest DMT assurance reports or in correspondence and continue to liaise with management to establish progress and evidence of implementation.

#### **Overdue More than Nine Months (Appendix 2)**

- 3.6 There is one audit where recommendations have reached nine months overdue:
- NW Foster Care Contract Monitoring (1)

- 3.7 The Director of Children's services has been asked to attend Audit Committee to provide an update on the action to address the outstanding recommendations in NW Foster Care in January 2018.

**Overdue more 6 – 9 months (Appendix 3)**

- 3.8 Internal Audit has notified senior managers and Executive Members on the following audits where recommendations have reached six months or more overdue by December 2017 to enable them to consider the associated risks. Currently this involves four recommendations in three audit reports. Specifically these are:

- Christmas Markets (1)
- North West Foster Care Contract monitoring (1)
- Suspense Accounts (2)

**Overdue less than 6 months (Appendix 4)**

- 3.9 11 recommendations have been overdue for between one and six months in six audit reports. Some of these reports also include additional recommendations which have not yet fallen due or include moderate risk recommendations 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 four and relate to the following reports:

- ICT E-mail and Internet Filtering (1)
- Events Management (1)
- Legal Services Income and expenditure (2)
- HR Resourcing (1)
- Christmas Markets (1)
- Factory (5)

**4 Recommendations**

- 4.1 Audit Committee are asked to note the current process and position in respect of high priority Internal Audit recommendations.

## Appendix 1 – Implemented Recommendations

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
NWCH, Performance Management Framework  22 March 2016	31 March 2017	<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 Strategic Capital Board which includes members of the Senior Management Team has been established to oversee the Council's capital programme and has already met a number of times. The Board requires all Portfolio Boards responsible for capital spend through revised terms of reference to provide timely data to the PMO in order to both satisfy the PMO on progress and allow the PMO to report this activity to the Strategic Capital Board. The dashboard provides a programme view of the financial position and variance against programme spend, the current checkpoint position, the top Council capital programme risks and a benefits realisation, including social and economic value and CO2 reduction.</p> <p><b>Internal Audit opinion: Implemented</b></p>	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
North West Foster Care Framework – Contract Monitoring Review 25 January 2017	30 Sept 2017	<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 framework as the contract nears completion.</p> <p>Work and discussions should consider:</p> <ul style="list-style-type: none"> <li>• Whether the framework is ‘fit for purpose’ in current format.</li> <li>• A review of the current pricing and discount structure which is considered complex to administer and presents a risk of overcharging.</li> <li>• Treatment of longstanding Placements and how these will be incorporated and managed under new framework arrangements</li> <li>• The length of the agreement in view of the service being provided and strategic aims ‘to</li> </ul>	<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, we verified this.</p> <p>b) Work has been on-going with Placements North West for the new contract 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><b>Internal Audit opinion: Implemented</b></p>	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>create long term placements for young people'</p> <ul style="list-style-type: none"> <li>Performance monitoring and reporting requirements.</li> </ul>			
<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"> <li>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.</li> <li>Agree a priority schedule of monitoring visits with Providers for the remainder of the year.</li> <li>Take into account our observations.</li> <li>Ensure that all providers are included on the risk log.</li> </ul>	<p><b>Agreed:</b> Yes. Potential impact upon Children's Placement Team as the work of Contract officers supports the delivery of the placement service.</p> <p><b>Action to be taken:</b> Develop Provider Monitoring and Assurance Framework with clear achievable expectations in line with the service provided.</p> <p>To establish standardised processes for desk top review and recording of visits.</p> <p>To develop a planned schedule of visits based on risk analysis of the IFA market.</p> <p>To review the current activity log to ensure it incorporates management oversight and quality assurance can be evidenced.</p> <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</p>	<p>We have received a copy of the plan of scheduled visits and templates to be used to improve overall quality assurance and monitoring.</p> <p><b>Internal Audit Opinion:</b> <b>Implemented</b></p>	<p>No further action required</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			<p>contract officer allocation to visit overall providers across residential provision and supported accommodation.</p> <p><b>Additional Resources Required for implementation:</b> The Acting Team Manager is currently 3 days per week. Additional 2 days resource required to support the work.</p> <p><b>Responsible Officer:</b> The Strategic Commissioning Manager, Quality, Performance and Compliance in conjunction with the Acting Quality, Performance and Compliance Manager</p> <p><b>Target Date:</b> Interim draft by 30 June 2017 and delivery date by 30 September 2017.</p>		
<p>Christmas Markets</p> <p>10 February 2017</p>	<p>1 April 2017</p>	<p>An exercise should be undertaken to accurately measure and record the sizes of each chalet, and to ensure that the pricing calculations and trader application forms are amended as appropriate</p>	<p>All sites to be measured by Corporate Technical Services (CTS) and incorporated into the new control spreadsheet</p>	<p>The rental prices have been reviewed and are now categorised into A,B,C and D and then whether they are craft, food or drink and are not priced per square metres x the number of days the trader will be on the market. In addition to this there are some land charges</p>	<p>No further action required</p>



Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				<p>for certain stalls.</p> <p>We confirmed that Computer Aided Design (CAD) drawings have been undertaken and supplied by CTS. These were drawn up last year when the markets were in place. Prices are now charged on a per metre squared rather than length x width basis.</p> <p><b>Internal Audit Opinion: Implemented</b></p>	
<p>Christmas Markets</p> <p>10 February 2017</p>	<p>31 January 2017</p>	<p>The General Market Manager should ensure that Declarations of Interests are completed by all staff with financial responsibilities as a matter of priority. These declarations should subsequently be reviewed annually and should include documentation of nil returns.</p>	<p>All market managers to complete Declarations of Interest and a process to be established to review annually</p>	<p>The Operations Manager informed us that declarations of interest had been sent to the previous Head of Business units who has since left the Council therefore we were unable to obtain these.</p> <p>Officers have since been asked to return these again as part of an annual process and given a deadline of 15 December 2017. The Head of Commissioning and Delivery advised us and we confirmed that all staff have now completed Declarations of Interests (except two who are in discussion with management). We did however note in six cases</p>	<p>No further action required</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				<p>theses were not fully evidenced as reviewed and signed by the Manager and Head of Service and in two of these cases declarations had been identified. We have reminded management to ensure evidence of this check is completed in future.</p> <p><b>Internal Audit Opinion:</b> <b>Implemented</b></p>	
<p>Christmas Markets</p> <p>10 February 2017</p>	<p>1 July 2017</p>	<p>The Head of Commissioning &amp; Delivery in conjunction with Senior Management in Markets should review and determine a commercial strategy for the markets which includes fees and charges for stallholders.</p>	<p>Review to undertaken and commercial strategy documented led by the Head of Commissioning &amp; Delivery with support from markets' management team.</p>	<p>Whilst there is no formalised documented strategy, the Head of Commissioning &amp; Delivery on an annual basis will review the fees and charges for stall holders based on per sq/ft and the premiums applied based on location and whether the trader trades as craft, food or drink and sign these off.</p> <p>In addition the markets are only one element of the 'Christmas Offer' which is where the overall strategy for maximising income within the various constraints is being developed. This is governed by a group called Christmas Offer Members (chaired by Fiona Worrall) including Cllr Rahman, Cllr Karney and representatives from the various areas (markets,</p>	<p>No further action required</p>

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				communications and events). The group meets regularly to determine how the offer will evolve and respond to the various challenges we face.  <b>Internal Audit Opinion:</b> <b>Implemented</b>	
Christmas Markets  10 February 2017	1 July 2017	The Head of Commissioning in conjunction with Senior Management in Markets should determine an approach for the procurement of properties in the future, which considers existing arrangements and the cost of ownership over renting and storage for 2017 and beyond. This may include reviewing and re-procuring a new framework contract.	Approach to procurement to be led by Matthew Bennett (Head of Commissioning & Delivery) with markets' management.	A procurement exercise has been undertaken for the rental of 105 chalets on a 2+2 year contract.  A tender waiver has been signed by Sean McGonigle and passed by Cllr Rahman for the wooden chalets on St Ann's Square.  There is a procurement meeting on the 17th January 2018 with Procurement and the Head of Commissioning and Delivery are invited to.  <b>Internal Audit Opinion:</b> <b>Implemented</b>	No further action required
Christmas Markets  10 February 2017	31 January 2017	A single inventory should be established which identifies all properties used across the market and detail: <ul style="list-style-type: none"> <li>• ownership of the property;</li> <li>• rent arrangements including suppliers; and</li> </ul>	Single inventory to be created	A single inventory is in place which identifies: <ul style="list-style-type: none"> <li>• Where the properties are sourced from</li> <li>• The number of properties from each source</li> </ul>	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<ul style="list-style-type: none"> <li>• up to date contract agreements including time periods and all costs</li> </ul>		<ul style="list-style-type: none"> <li>• Whether these are owned or rented</li> <li>• The purchase or rental cost</li> <li>• The bump in cost</li> <li>• Any comments such as a tender waiver etc.</li> </ul> <p>Further audit work on Christmas Markets will be concluded in January 2018 which may result in additional proposals for improvement to help ensure the inventory process continues to be strengthened and embedded by management.</p> <p><b>Internal Audit Opinion:</b> <b>Implemented</b></p>	
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</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 Chief Accountant has reminded finance managers and produced a procedure note includes the relevant information.</p> <p>DWP income: We recognise that the outstanding balance has now been written off as windfall income and therefore this recommendation is now implemented.</p> <p><b>Internal Audit Opinion:</b> <b>Implemented</b></p>	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>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 Council can then write this off as windfall income to the General Fund.</p>			
<p>Public Health Contracts – Contract Management</p> <p>28 February 2017</p>	30 Sept 2017	<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>The focus should be those contracts that were novated across from the NHS and have not yet been subject to a detailed retendering exercise.</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 &amp; Care Commissioning (MHCC) from 1 April 2017. The Public Health commissioning function will be integrated within the MHCC function.</p>	<p>Key officers provided an overview of the current monitoring position and copies of reports produced which confirmed the performance framework in operation. We also confirmed that performance meetings take place quarterly on site with Health Visitors to allow for contextual detail around the figures to be provided.</p> <p><b>Internal audit Opinion:</b></p> <p><b>Implemented</b></p>	No further action required
Fleet Colocation	1 April 2017	The Fleet Manager should ensure that when the Uniform system has been adopted, management	Once 'Uniform' has been fully implemented and working as intended, we will work with ICT	There were initial delays with adopting Uniform and then with	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
9 January 2017		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 management information directly from uniform.	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 the absence of an ICT solution then we will be able to adopt the recommendation.	<p>recording information on the system.</p> <p>The IT co-ordinator has produced reports from Uniform reflecting those produced by Fleet management. There has been a steady improvement in data quality from July 2017 to date. It has been agreed that additional training will be provided to officers to further improve data quality. There will also be weekly reports produced so management can monitor and address quality issues. The manual and Uniform reports will be run in parallel until March 2018. At this time Fleet management will make a decision regarding the phasing out of the manual reporting process.</p> <p><b>Internal Audit Opinion:</b> <b>Implemented</b></p>	

## Appendix 2 – Recommendations Over 9 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
North West Foster Care Framework – Contract Monitoring Review 25 January 2017	30 March 2017	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.	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>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. A discrete piece of work started at the end of quarter 3 to review each case. The Integrated Commissioning team is also supporting ongoing work covering value for money, possible rebates and possible savings.</p> <p><b>Internal Audit opinion:</b> Partially implemented – Internal Audit will continue to monitor progress of the ongoing case reviews.</p>	<p><b>Director:</b> Paul Marshall, Director of Children’s Services</p> <p><b>Executive Member:</b> Councillor S Newman and Councillor J Flanagan</p> <p><b>Status:</b> Nine months overdue in part</p> <p><b>Action:</b> Attendance of Director and Executive Member confirmed for Audit Committee in January 2018.</p>

### Appendix 3 – Recommendations 6-9 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
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. 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 suspense can be identified more clearly.</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><b>Internal Audit Opinion:</b> Not implemented</p>	<p><b>Director:</b> Carol Culley, City Treasurer</p> <p><b>Executive Member:</b> Councillor Flanagan</p> <p><b>Status:</b> Seven months overdue</p> <p><b>Action:</b> Internal Audit to confirm that the decision has been taken in relation to mitigating action.</p>
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;</p>	<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>	<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</p>	<p><b>Director:</b> Carol Culley, City Treasurer</p> <p><b>Executive Member:</b> Councillor Flanagan</p> <p><b>Status:</b> Eight months overdue</p>



Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		and the value of any aged transactions. Details of balances should be collated and an age analysis carried out to decide whether further action or write off is required.		embedded implementation will be confirmed.  <b>Internal Audit Opinion:</b> Partially implemented.	<b>Action:</b> Internal Audit to confirm evidence of implementation.
Christmas Markets  10 February 2017	1 April 2017	The General Market Manager should ensure that a procedure for vacant food and craft stalls is documented and followed in full.  For any stalls that do not follow the agreed allocation procedure, discussions and actions should be recorded to show the reasons for non- compliance.  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.	To produce the allocation processes documentation with identified sign off sheets and add to the Standard Operating Procedure manual	A revised allocation procedure has been produced, testing is underway to ensure this has been followed in full.  The Operations Manager, Manchester Markets confirmed there were no new traders (non craft) this year and therefore we have been unable to test the allocation procedures in operation.  An annual report was not produced however the General Markets Manager advised that evidence is retained in emails and signed forms. Internal Audit consider that an annual report should still be produced and provided to Senior Management for review and approval as part of a transparent audit trail.	<b>Director:</b> Sara Todd, Deputy Chief Executive  <b>Executive Member:</b> Councillor N Murphy  <b>Status:</b> Eight months overdue  <b>Action:</b> Follow Up audit underway.  Follow up report will be issued in January 2018. The report will be copied to the Executive Member and Director who will be informed that they may be required to attend the Audit Committee in January if the original recommendations

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				<b>Internal Audit Opinion:</b> Partially implemented.	have not been completed.
North West Foster Care Framework – Contract Monitoring Review 25 January 2017	30 June 2017	<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"> <li>• Number of placements and value of spend;</li> <li>• Criteria, including related assurance activity, including sources of intelligence and information received through care workers, other Contracted Local Authorities (CLA) or Placements North West;</li> <li>• ‘Joined up’ assurance - Clarifying the role of Placements North West / other CLAs to determine their approach to monitoring.</li> <li>• Management quality assurance reviews of ratings assigned to Providers to ensure consistency across the team;</li> <li>• Maintaining of evidence to support the basis for risk ratings;</li> </ul>	<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 be easily shared where appropriate. Aim is to roll this out in quarter four.</p> <p><b>Internal Audit Opinion:</b> Partially implemented. Internal audit have received copies of the templates and will corroborate</p>	<p><b>Director:</b> Paul Marshall, Director of Children's Services</p> <p><b>Executive Member:</b> Councillor S Newman and J Flanagan</p> <p><b>Status:</b> Six months overdue</p> <p><b>Action:</b> Letter issued to Executive Members and Strategic Director in October 2017 to confirm the recommendation is overdue</p>

<b>Audit Title</b>	<b>Due Date</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Update/Opinion</b>	<b>Ownership and Actions</b>
		<ul style="list-style-type: none"><li>• Expectations over the type and frequency of contact with a Provider."</li></ul>		implementation during quarter four.	

#### Appendix 4 – Recommendations 1-6 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Christmas Markets  10 February 2017	1 July 2017	The Head of Commissioning in conjunction with Senior Management in Markets should review and determine a commercial strategy for the markets which includes fees and charges for stallholders.  This Strategy should be underpinned by a clear rationale for pricing and an approval process with management oversight for any deviations from standard agreed fees.	Review to undertaken and commercial strategy documented led by the Head of Commissioning & Delivery with support from markets' management team.	This recommendation is being followed up as part of the Christmas Markets follow up.	<b>Director:</b> Sara Todd  <b>Executive Member:</b> Councillor N Murphy  <b>Status:</b> Over five months overdue  <b>Action:</b> Monitor
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 has not yet been populated.  <b>Internal Audit Opinion:</b> Partially implemented. Planned implementation by December 2017 and update requested.	<b>Director:</b> Bob Brown, CIO  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> Four months overdue  <b>Action:</b> Monitor

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
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 included in the standard reporting within the system which will allow SSC/Audit to produce future reports which identify the Approver for each request.	The ATS system is not 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 Client Director of Engagement to discussion options. The Client Director is scoping and costing options for delivering this in the future.  <b>Internal Audit Opinion:</b> Not implemented.	<b>Director:</b> Lynne Ridsdale, Director HROD  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> Four months overdue  <b>Action:</b> 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 • Reduced dependency on waiver exemptions (only to be used in exceptional circumstances).	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.  <b>Internal Audit Opinion:</b> Not implemented	<b>Director:</b> Sara Todd, Deputy Chief Executive  <b>Executive Member:</b> Councillor Rahman  <b>Status:</b> Three months overdue  <b>Action:</b> Monitor
Legal Services Income and Expenditure	31 October 2017	The Finance Manager should ensure that copies of relevant financial supporting records such as	Agreed in principle, however the vast majority of legal services invoices are subject to client	Meeting arranged with service manager to discuss progress towards implementation.	<b>Director:</b> Liz Treacy, City Solicitor

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17 October 2017		instruction for payments and/or AR invoices are attached to SAP (where these are not sensitive) or an alternative record provided for SAP to confirm the purpose of the income. In our view using Reason to raise and issue invoices with the instruction letters from fee earners would enable all these actions to be undertaken at the same time.	confidentiality, and may contain sensitive personal data, which could be accessed by other staff within the council outside legal services who are not lawfully entitled to access this information. Finance Manager to consider whether there are categories of information that could be uploaded to SAP without breaching client confidentiality, or data protection legislation. The outcome of this review will be confirmed in writing.	<b>Internal Audit Opinion:</b> Not implemented	<b>Executive Member:</b> Sir Richard Leese  <b>Status:</b> Two months overdue  <b>Action:</b> Monitor
Legal Services Income and Expenditure	31 October 2017	The Finance Manager should issue guidance to staff within Legal Services reminding them of the correct processes to follow for	Agreed in part. It is not always possible to raise POs as there are a number of scenarios where the exact cost of a service is not known at the time	Meeting arranged with service manager to discuss progress towards implementation.	<b>Director:</b> Liz Treacy, City Solicitor  <b>Executive Member:</b> Sir Richard Leese

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17 October 2017		<p>making purchases. This should include the need to:</p> <ul style="list-style-type: none"> <li>• Raise purchase orders prior to making the purchase with the supplier.</li> <li>• Ensure that FV60 documentation is appropriately authorised to provide an audit trail of who has raised and approved the order.</li> <li>• Ensure that where expenditure is to be recharged across a number of cost centres on SAP a line is created for each cost centre to ensure that the expenditure has been appropriately authorised by the cost centre manager.</li> </ul>	<p>the individual providing the service is engaged, for example barristers attending Court. The additional signatures on the FV60 form were introduced in part of legal services as a result of specific issues in that part of the service many years ago. It is an enhancement to the corporate standard, which does not currently require signatures on FV60s. Unless and until the corporate standard is amended, it is not therefore accepted that the whole of legal services should comply with this enhanced standard. It is accepted that expenditure across a number of cost centres should have a separate line on SAP. Finance manager to remind the team in respect of multiple cost centres and multiple lines on SAP.</p>	<p><b>Internal Audit Opinion:</b> Not implemented</p>	<p><b>Status:</b> Two months overdue</p> <p><b>Action:</b> Monitor</p>
<p>Factory Project Governance Arrangements</p> <p>19 July 2017</p>	31 August 2017	<p>The SRO should ensure that the role of the Strategic Board can be demonstrated as delivered with clear agendas and minutes which comprehensively reflect the work</p>	<p>Updated governance structure in place including additional guidance on role of meetings and relationship to project delivery.</p>	<p>We have engaged with key officers which has confirmed some progress has been made towards implementation of the recommendation. We still require</p>	<p><b>Director:</b> Carol Culley, City Treasurer</p> <p><b>Executive Member:</b> Councillor Rahman</p>

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		undertaken by the Board and the nature of scrutiny undertaken.	Improved meeting minutes and meeting protocols in place.	evidence to confirm the approval of the updated governance document.  <b>Internal Audit Opinion:</b> Partially implemented	<b>Status:</b> Four months overdue in part  <b>Action:</b> Monitor
Factory Project Governance Arrangements  19 July 2017	30 September 2017	The SRO should ensure that roles and responsibilities of the key stakeholders and project officers are reviewed and consolidated to ensure responsibilities have been fully assigned and cover all key areas required. This should be undertaken in conjunction with the planned confirmation of delegated authority limits ensuring these are in alignment and fit for purpose. Once reviewed the approval of these roles and responsibilities should be documented within the Strategic Board minutes.	Roles and responsibilities have been clarified in preparation for the Gateway review including scheme of delegation. Approval will be gained from Strategic Board.	We have engaged with key officers which has confirmed some progress has been made towards implementation of the recommendation. We still require evidence to confirm the approval of the scheme of delegation by the Strategic Board/Forum.  <b>Internal Audit Opinion:</b> Partially implemented	<b>Director:</b> Carol Culley, City Treasurer  <b>Executive Member:</b> Councillor Rahman  <b>Status:</b> Three months overdue in part  <b>Action:</b> Monitor
Factory Project Governance Arrangements  19 July 2017	31 August 2017	The SRO should enhance financial control and reporting requirements to enable appropriate budget management.  The budget responsibilities for each of the Boards should be clarified within Terms of Reference including:	Scheme of delegation clarifies shift in responsibility between meetings and draw down of contingency.  Financial reporting strengthened to both Strategic Board and new	We have engaged with key officers which has confirmed some progress has been made towards implementation of the recommendation. There is a recognition by management that further work is required on this once	<b>Director:</b> Carol Culley, City Treasurer  <b>Executive Member:</b> Councillor Rahman  <b>Status:</b> Four months overdue in part



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		<p>-Strategic Board oversight requirements. - Delegated limits in terms of virements or budget changes. - Formalise arrangements for approval of drawdowns from the project contingency</p> <p>All budget reports should clearly highlight the actual spend position and be clear over any changes to underlying budget assumptions that have impacted on changes being put forward for approval.</p> <p>Where information on contract negotiation positions are provided to the Board this should be accompanied by an overview of how that fits into the project budget and how much allowance has been provided in the budget for the negotiations.</p> <p>The Capital Director's report should be supplemented by an extract from SAP and would benefit from additional support from a financial officer.</p>	<p>Strategic Forum meeting (introduced since audit).</p> <p>Reporting of actuals happens on a monthly basis but team agree to forefront this in a summary document prepared by finance team using SAP and cash flow.</p>	<p>financial support/resource has been agreed.</p> <p><b>Internal Audit Opinion:</b> Partially implemented</p>	<p><b>Action:</b> Monitor</p>
<p>Factory Project Governance Arrangements</p> <p>19 July 2017</p>	<p>31 August 2017</p>	<p>The SRO should ensure there are suitable arrangements in place to monitor and support fundraising activity and to seek assurance over progress. In our view this could consist of: The introduction of formal reports to the Strategic Board.</p>	<p>Fundraising Trust formally established and application to Charities lodged June (expected completion August 17). Development committee meetings in place since audit review. Fundraising forms part of regular reporting to Strategic</p>	<p>We have engaged with key officers which has confirmed some progress has been made towards implementation of the recommendation. Due to issues beyond the project's control the trust is still not yet set up as a bank account is not yet in place however</p>	<p><b>Director:</b> Carol Culley, City Treasurer</p> <p><b>Executive Member:</b> Councillor Rahman</p> <p><b>Status:</b> Four months overdue in part</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>Regular reports on the fundraising element to be produced by the Fundraising Sub Group to track progress against targets.</p> <p>The finalisation of arrangements to enable receipt of fundraising monies (set up of a charitable trust) and processes for the accounting and control.</p> <p>Future reports to the Council's Executive should include summary updates on the current budget position, progress towards the fundraising target (and any implications of this on the Council contribution) and changes to the project completion dates or quality of build which have been agreed.</p>	<p>Board, Project Board and funder's oversight meeting.</p> <p>Additional external expertise contracted since audit to support individual and corporate giving.</p>	<p>work is ongoing and it was confirmed that regular meetings about fundraising were taking place. No minutes / records of this have yet been seen.</p> <p><b>Internal Audit Opinion:</b> Partially implemented</p>	<p><b>Action:</b> Monitor</p>
<p>Factory Project Governance Arrangements</p> <p>19 July 2017</p>	<p>30 September 2017</p>	<p>The SRO in conjunction with the Project Manager and Capital Director should improve the Project's risk management arrangements by:</p> <ul style="list-style-type: none"> <li>Ensuring the risk log is reviewed by the Strategic Board on a periodic basis.</li> <li>Undertaking a regular comprehensive review of all risks to identify any increasing or new risks to the project.</li> </ul> <p>In addition the functionality of the risk log should be improved through the inclusion of:</p> <ul style="list-style-type: none"> <li>Details of the person responsible for any mitigating actions taken.</li> </ul>	<p>Periodic risk review added to the IAAP for project board meetings.</p> <p>Additional risks already included within register.</p> <p>Overhaul and improvement of register to be undertaken by project team by September.</p> <p>Revised form to be agreed with funders and partners before put into regular circulation.</p>	<p>We have engaged with key officers which has confirmed some progress has been made towards implementation of the recommendation. The risk register was due to be discussed by the Board at its December meeting.</p> <p><b>Internal Audit Opinion:</b> Partially implemented</p>	<p><b>Director:</b> Carol Culley, City Treasurer</p> <p><b>Executive Member:</b> Councillor Rahman</p> <p><b>Status:</b> Three months overdue in part</p> <p><b>Action:</b> Monitor</p>

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		<ul style="list-style-type: none"> <li>· The likelihood and impact of the risk after mitigating actions have been taken.</li> <li>· The addition of financial risks which may include: Failure to collect appropriate charitable donations; Failure to comply with grant terms and conditions; and Ability to create a design which meets the project objectives within the budget envelope.</li> </ul>			