

**Manchester City Council  
Report for Information**

**Report to:** Audit Committee - 22 March 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.

**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 Reports to Audit Committee June; August and November 2017 and January 2018

## **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. 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.
- 1.2 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.
- 1.3 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), Senior Management Team (SMT) and Audit Committee. For any high priority recommendations over six months old Executive Members are 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.
- 2.3 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.
- 2.4 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 Statement.

### 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 attached to this report.

#### **Implemented Recommendations (Appendix 1)**

- 3.2 Since the last update in January 2018 Internal Audit has confirmed that there have been 14 high priority recommendations implemented in six audits.
- Christmas Markets (2)
  - Suspense Accounts (2)
  - Fleet Colocation – Taxi Compliance Tests (1)
  - ICT E-mail and Internet Filtering (1)
  - Waste Payment Performance Indicators (PPIs) (3)
  - Factory Project Governance Arrangements (5)
- 3.3 Implementation of the remaining recommendations in Christmas Markets, Suspense Accounts and Fleet Colocation enabled actions required to be completed and they will be removed from the next update report as a result. There is one moderate recommendation remaining on Waste PPI.

#### **Outstanding Recommendations**

- 3.4 In total 20 recommendations in 10 audit reports are currently overdue past the agreed implementation dates as follows:
- 1 recommendations have been outstanding over nine months
  - 3 recommendations are six to nine months overdue
  - 16 recommendations are between one and six months overdue
- 3.5 Internal Audit has provided 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 attended Audit Committee in January 2018 to provide an update on the action to address the outstanding recommendations in NW Foster Care Contract Monitoring report and confirmed that progress is being made to address the outstanding actions required by the end of March 2018. Internal Audit are currently carrying out review of progress underway to address risk and will report on this to the next Audit Committee.

### **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 February 2018 to enable them to consider the associated risks. Currently this involves three recommendations in two reports. Specifically these are:
- North West Foster Care Contract monitoring (1)
  - HR Resourcing ATS (2)

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

- 3.9 16 recommendations have been overdue for between one and six months in eight 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:
- Events Management (3)
  - Multi Agency Safeguarding Hub – Referrals and Enquiries (5)
  - Legal Services Income and expenditure (2)
  - Academy Business Application (2)
  - Disaster Recovery (1)
  - ICT Internet & Email Filtering (1)
  - ICT Programme and Project Management (1)
  - Capital Budget Monitoring (1)

## **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
<p>Christmas Markets</p> <p>10 February 2017</p>	<p>1 April 2017</p>	<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>	<p>To produce the allocation processes documentation with identified sign off sheets and add to the Standard Operating Procedure manual</p>	<p>A revised allocation procedure has been produced, testing is underway to ensure this has been followed in full.</p> <p>The Operations Manager, Manchester Markets confirmed there were no new traders (none craft) this year and therefore we have been unable to test the allocation procedures in operation.</p> <p>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.</p> <p><b>Internal Audit Opinion: Implemented</b></p>	<p>No further action required</p>
<p>Christmas</p>	<p>1 July</p>	<p>The Head of Commissioning in</p>	<p>Review to undertaken and commercial</p>	<p>We performed testing on a sample of</p>	<p>No further</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Markets  10 February 2017	2017	<p>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>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.</p>	strategy documented led by the Head of Commissioning & Delivery with support from markets' management team.	<p>stalls between the CAD diagrams and the charging spreadsheet and the stalls which were identified as not following the pricing policy in the original Christmas Markets audit. Whilst we identified a number of inconsistencies in pricing these were addressed by a retrospective annual report from the Market Manager to the Head of Commissioning and delivery/Director of Trading Services. We also identified a number of inconsistencies between the charging spreadsheet stall references and the CAD diagrams. Once stall sites have been confirmed for 2018 a reconciliation between the charging spreadsheet and the CAD diagrams should be undertaken to ensure that the charging spreadsheet is reflective of the CAD diagrams.</p> <p><b>Internal Audit Opinion: Implemented</b></p>	action required
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. 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, and procedures and timetables have been updated to reflect the timeline and responsibilities for this action in future.</p> <p><b>Internal Audit Opinion: Implemented</b></p>	No further action required.
Suspense	End of	The Finance Manager responsible for	No action to be taken in Civica – a	The new Housing system is in the	No further

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Accounts	May 2017	<p>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>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>process of being implemented but is not yet fully operational. However, action has been taken in the existing system to address the risks associated with this recommendation.</p> <p>The Suspense 04 account has now been emptied and only Suspense 01 and 02 are currently in use. The oldest items in Suspense 01 are within the last six months in age.</p> <p>We recognise that the operation of two Housing systems and the rollout of Universal Credit have adversely impacted the number of items requiring manual intervention to move them from suspense. However we recognise that action is being taken to reallocate these in a timely manner.</p> <p><b>Internal Audit Opinion: Implemented</b></p>	<p>action required.</p>
Fleet Colocation	1 April 2017	<p>The Fleet Manager should ensure that when the Uniform system has been</p>	<p>Once 'Uniform' has been fully implemented and working as</p>	<p>There were initial delays with adopting Uniform and then with recording</p>	<p>No further action required</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
9 January 2017		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 management information directly from uniform.	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 the absence of an ICT solution then we will be able to adopt the recommendation.	<p>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>	
ICT Email and Internet Filtering	31 August 2017	The Head of Service Operations should implement a password value system to manage the access to the	This requirement is currently with our outsourced service provider. They are assessing feasibility of implementing	External solution proved to be cost prohibitive but an internal solution has been designed and implemented. This	No further action required.



Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
27 July 2017		IT systems passwords.	password vault and reverting back with their recommendations by August.	solution provides for secure storage of passwords with access being tightly controlled, backup and encryption arrangements are also in place.  <b>Internal Audit Opinion: Implemented</b>	
Waste PPIs 3 January 2018	31 January 2018	The Strategic Lead – Waste Recycling and Street Cleansing in liaison with the Contract Manager and Legal Services should clarify the mechanism for applying PPI deductions and ensure that this is clear to both parties and reflected in the final version of the contract.	Biffa and MCC agree that the PPM needs to be reviewed and key terms defined – this will be progressed through the contract governance arrangements.  The proposed clarifications were presented to the Strategic Board in December 2017 for inclusion in the contract.	The PPI documentation has been clarified to show that there will be one deduction annually at the end of the financial year in line with the annual limits previously outlined. Calculations will continue to be undertaken and agreed on a monthly basis to monitor progress and to ensure the final deduction can be agreed promptly at year end.  <b>Internal Audit Opinion: Implemented</b>	No further action required.
Waste PPIs 3 January 2018	28 February 2018	The Contract Manager in line with the Strategic Lead – Waste, Recycling and Street Cleansing should ensure that Legal Services are aware of and consulted about the changes that are being undertaken and that they ensure that these are in line with the current (and ultimately signed) copy of the contract.	Consultation to be undertaken with Legal Services around the proposed clarifications to the PPI measures for inclusion in the contract.	Legal services were made aware of the work to clarify the PPI specification and have been provided with a copy of the updated document to incorporate into the contract via the formal change management process.  <b>Internal Audit Opinion: Implemented</b>	No further action required
Waste PPIs 3 January 2018	28 February 2018	The Contract Manager should clarify and record the following details: - the criteria for each PPI, - how this has been interpreted, - how it will be measured,	Clarification document to be produced for the consideration and agreement by the Waste Performance Group.	Clarifications have been added to the formal document ensuring that the requirements are much clearer. The document has been agreed by both the Strategic Board and Biffa and has	No further action required.

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<ul style="list-style-type: none"> <li>- who will provide the data and any verification required,</li> <li>- details of any temporary relaxation of requirements,</li> <li>- details of how and when ratchets or limits will be applied.</li> </ul> This should also consider: <ul style="list-style-type: none"> <li>- An escalation policy for how contractor disputes will be resolved.</li> <li>- A clear definition of how the charges will be applied.</li> </ul> Details of who can approve any changes to the criteria or reductions to the level of penalty imposed.		been passed to Legal Services for incorporation into the contract documentation. A process for amendments to be made to the document during the first six months of actioning the system has also been agreed to account for any unforeseen issues.  <b>Internal Audit Opinion: Implemented</b>	
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.	This has now been completed and approved by the Strategic Board. We recognise that a further review is about to be undertaken as the project enters the build phase to reflect the projects changing needs and this will be assessed as part of audit work planned for 2018-19.  <b>Internal Audit Opinion: Implemented</b>	No further action required.
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	Scheme of delegation clarifies shift in responsibility between meetings and draw down of contingency.  Financial reporting strengthened to both Strategic Board and new Strategic Forum meeting (introduced	Financial reporting has been strengthened in line with the elements identified within the recommendation. There is a recognition by management that further work is required on this as the project moves into the build phase and financial support/resource is	No further action required.

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>Terms of Reference including: -Strategic Board oversight requirements. - Delegated limits in terms of virement 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>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>being identified to help support this. We will monitor the updated reporting mechanisms as part of work planned for 2018/19</p> <p><b>Internal Audit Opinion: Implemented</b></p>	
<p>Factory Project Governance Arrangements  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:</p> <ul style="list-style-type: none"> <li>• The introduction of formal reports to the Strategic Board.</li> </ul>	<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 Board, Project Board and funder's oversight meeting.</p>	<p>While work to complete the formal establishment of the Trust is still underway, fundraising meetings are now being undertaken on a regular basis with minutes of these meetings being passed to the Project and Strategic Board for monitoring. A process has also been agreed such that any donations made prior to the</p>	<p>No further action required.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<ul style="list-style-type: none"> <li>• Regular reports on the fundraising element to be produced by the Fundraising Sub Group to track progress against targets.</li> <li>• The finalisation of arrangements to enable receipt of fundraising monies (set up of a charitable trust) and processes for the accounting and control.</li> </ul> <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>Additional external expertise contracted since audit to support individual and corporate giving.</p>	<p>formal incorporation of the Trust can be accepted by MCC on behalf of the Factory.</p> <p><b>Internal Audit Opinion: Implemented</b></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</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>The risk register has been reviewed in detail and the Project Board now formally reviews the full register on a quarterly basis. The top ten risks from the register are incorporated into the SRO report to Strategic Board to ensure they have sight of and can feed into the process for managing these key risks.</p>	<p>No further action required.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>increasing or new risks to the project.</p> <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> <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>	<p>Revised form to be agreed with funders and partners before put into regular circulation.</p>	<p><b>Internal Audit Opinion:</b> Implemented</p>	
<p>Factory Project Governance Arrangements</p> <p>19 July 2017</p>	<p>31 August 2017</p>	<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 undertaken by the Board and the nature of scrutiny undertaken.</p>	<p>Updated governance structure in place including additional guidance on role of meetings and relationship to project delivery.</p> <p>Improved meeting minutes and meeting protocols in place.</p>	<p>We have reviewed recent agendas and minutes for the Strategic Board meetings which now more clearly demonstrate the work undertaken by the Board. Discussions with the Project SRO confirmed a review of governance arrangements is imminent given the project is now entering the build stage which should help to ensure an appropriate level of scrutiny</p>	<p><b>No further action required.</b></p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				by the Board. <b>Internal Audit Opinion:</b> Implemented	

**Appendix 2 – Recommendations Over 9 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 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>There are a number of activities underway to address the need to embed additional controls within the foster care placement service to avoid errors in placement cost agreements and audit trail gaps which lead to payment errors. This will lead to a revised contract and finance monitoring process to be in operation 1 April 2018.</p> <p>A review of IFA placement provision is underway as planned to assess and address anomalies in contract and payment data which will be used to seek recovery of monies if and where appropriate.</p> <p>The Integrated Commissioning team is also supporting ongoing work covering value for money focused on the question of application of application of discounts and other potential savings.</p> <p>The Director and Executive Member attended Audit Committee in January 18 where the plan for completing this work was presented with the target of March 2018 and work is actively underway. We have recently met with the service to confirm progress</p>	<p><b>Director:</b> Paul Marshall, Director of Children's Services</p> <p><b>Executive Member:</b> Councillor B Sheikh and Councillor J Flanagan</p> <p><b>Status:</b> Eleven months overdue in part</p> <p><b>Action:</b> Service to complete review and assessment of current placement arrangements and costs by the end of March 2018.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				<p>and will be reviewing the work undertaken so far within the next week to provide support as needed.</p> <p><b>Internal Audit opinion:</b> Partially implemented – Internal Audit will continue to monitor progress of the ongoing case reviews and assess the proposed changes to the finance verification systems.</p>	



**Appendix 3 – Recommendations 6-9 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"> <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> <li>• Expectations over the type and frequency of contact with a Provider."</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>Managers confirm that they now target monitoring providers based on risk assessment including high cost and high volume placements and this has provided clarity for monitoring officers over expectations.</p> <p>PNW developed a draft template for all GM authorities to use to allow information to be collated and easily shared where appropriate and QPC trialled this with providers in January 2018 to assess the value added from the data returned. QPC will review findings and consider effectiveness of this approach for desk top reviews. Internal Audit will review the initial draft proposals from QPC to enhance effectiveness of contract monitoring.</p> <p>The Director and Executive Member attended Audit Committee in January 2018 to outline the implementation of all outstanding recommendations for this audit. It was confirmed that the aim was for all audit recommendations to be completed by the end of March 2018 and the service continue to work towards this.</p> <p><b>Internal Audit Opinion:</b> Partially</p>	<p><b>Director:</b> Paul Marshall, Director of Children’s Services</p> <p><b>Executive Member:</b> Councillor B Sheikh and J Flanagan</p> <p><b>Status:</b> Eight months overdue</p> <p><b>Action:</b> Implementation of the new proposed risk based portfolio led contract monitoring process April 2018. Internal Audit to report on progress.</p>

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.	implemented  We understand that this system change is currently in the process of being implemented and should be available shortly.  <b>Internal Audit Opinion:</b> Not yet implemented.	<b>Director:</b> Lynne Ridsdale, Director HROD  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> Six months overdue  <b>Action:</b> Notification letter issued to Executive Member and Strategic Director
HR Resourcing – ATS System 3 July 2017	1 Sept 2017	The HROD Operations Manager should turn on the functionality for hiding candidates' names and personal details until after they have been shortlisted.	The historic recruitment arrangements in MCC has enabled Managers to have sight of candidates full names. During implementation it was agreed that we would utilise the functionality to 'hide' the names of applicants, however there was significant feedback from Managers about not seeing this information. In keeping with existing practices the names were then presented for Managers to view prior to shortlisting, however based on the recommendations within this report SSC will remove the names from Managers view until shortlisting has taken place and Managers will only be provided	This functionality is not currently available within the system and was not initially deemed critical priority. A meeting with the software supplier is to take place this month to assess the potential timeline and associated costs for implementing this change.  <b>Internal Audit Opinion:</b> Not implemented	<b>Director:</b> Lynne Ridsdale, Director HROD  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> Seven months overdue  <b>Action:</b> Notification letter issued to Executive Member and Strategic Director

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			<p>with a candidate number. The Ops Managers is also exploring functionality within the ATS to enable Managers to search on candidate number to assist Managers with shortlisting, particularly where there are applications in excess of 100. Ops Managers will monitoring the feedback from Managers once this action is taken and will discuss with Audit in the future if required.</p>		

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

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Events Management 10 February 2017	30 Sept 2017	<p>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;</p> <ul style="list-style-type: none"> <li>• Consideration of the most appropriate procurement method to meet service objectives including bringing some areas of expenditure under contract or framework agreement;</li> <li>• Analysis of total value expenditure with existing providers to identify related spend; and</li> </ul> <p>Reduced dependency on waiver exemptions (only to be used in exceptional circumstances).</p>	<p>The Head of Events, in conjunction with colleagues from Corporate Procurement will review the existing approach to procuring suppliers and services in relation to events.</p>	<p>The Head of Events advised us that the only tender waivers in place are for the Christmas lights which is an extension of the previous waiver. There is on-going discussions with procurement to discuss with Procurement alternative. There are concerns over adopting a framework approach. There is an identified weakness in grouping all production elements under a single framework requiring full OEJU procurement process with an outcome of a mini-competition required for each event which does not deliver an identified benefit above the current process.</p> <p>The Head of Events is to revisit options with Procurement against each production element and identify the best standardised approach by area by the end of April.</p> <p><b>Internal Audit Opinion: Not implemented</b></p>	<p><b>Director:</b> Fiona Worrall, Director of Neighbourhoods</p> <p><b>Executive Member:</b> Councillor Rahman</p> <p><b>Status:</b> Five Months Overdue</p> <p><b>Action:</b> On going monitoring and letter issued.</p>
Events	30 Sept	The Head of Events, in conjunction	The Head of Events, will brief all	The Head of Events advised us that	<b>Director:</b> Fiona

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Management 10 February 2017	2017	<p>with colleagues from Corporate Procurement should review the existing approach to procuring suppliers and services in relation to events. This should include;</p> <ul style="list-style-type: none"> <li>• Consideration of the most appropriate procurement method to meet service objectives including bringing some areas of expenditure under contract or framework agreement;</li> <li>• Analysis of total value expenditure with existing providers to identify related spend; and</li> </ul> <p>Reduced dependency on waiver exemptions (only to be used in exceptional circumstances).</p>	<p>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.</p>	<p>the only tender waivers in place are for the Christmas lights which is an extension of the previous waiver. There is on-going discussions with procurement to discuss with Procurement alternative. There are concerns over adopting a framework approach. There is an identified weakness in grouping all production elements under a single framework requiring full OEJU procurement process with an outcome of a mini-competition required for each event which does not deliver an identified benefit above the current process.</p> <p>The Head of Events is to revisit options with Procurement against each production element and identify the best standardised approach by area by the end of April.</p> <p><b>Internal Audit Opinion:</b> Not implemented</p>	<p>Worrall, Director of Neighbourhoods</p> <p><b>Executive Member:</b> Councillor Rahman</p> <p><b>Status:</b> Five Months Overdue</p> <p><b>Action:</b> On going monitoring and letter issued.</p>
Events Management	30 Sept 2017	The Head of Events should liaise with relevant stakeholders to review	The Head of Events has already commissioned work to inform	The approach to smaller events is decided on an event by event basis.	<b>Director:</b> Fiona Worrall, Director of

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10 February 2017		<p>and update the current Council strategy for events management. We consider the strategy should:</p> <ul style="list-style-type: none"> <li>• Set out a Council vision for events and key strategic objectives;</li> <li>• Establish how event objectives will be met, including event funding, application, management and performance evaluation, in accordance with best practice;</li> <li>• Set key performance indicators and targets; and</li> </ul> <p>Outline relevant monitoring arrangements.</p>	<p>the development of the Events Strategy. The Head of Events will see this work through to completion and will liaise with relevant stakeholders to review and update the strategy for events management.</p>	<p>Work is ongoing to develop the event strategy and this is expected to be presented to members in June 2018.</p> <p><b>Internal Audit Opinion:</b> Not implemented</p>	<p>Neighbourhoods</p> <p><b>Executive Member:</b> Councillor Rahman</p> <p><b>Status:</b> Five Months Overdue</p> <p><b>Action:</b> On going monitoring and letter issued.</p>
<p>Multi Agency Safeguarding Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p>	<p>30 September 2017</p>	<p>The MASH Operations Manager should ensure that the guidance notes and flow-chart are updated and combined into a single MASH procedural document that clearly sets out service delivery objectives and procedures / a strategy for achieving these.</p> <p>This should include expected timescales for screening, and for MASH Enquiry and Single Agency Response decisions, and whether these vary by RAG rating. The procedure should be clear as to whether the timescales are inclusive of non-working hours, and how these related to the overall 'one working day' target.</p>	<p>Procedures updated. Development workshop with MASH partners 24<sup>th</sup> August to agree changes to MOU.</p>	<p>Internal Audit are in the process of completing a formal follow up audit of the Multi Agency Safeguarding Hub and therefore progress on implementing these individual recommendations and an updated overall audit opinion will be provided following this work by the end of March 2018.</p> <p><b>Internal Audit Opinion:</b> Audit work ongoing to inform our view on progress.</p>	<p><b>Director:</b> Paul Marshall Director of Children's Services</p> <p><b>Assistant Executive Member:</b> Councillor Sheikh</p> <p><b>Status:</b> Five months overdue</p> <p><b>Action:</b> Ongoing formal follow up audit in progress</p>
Multi Agency Safeguarding	30 September	The Head of Customer Services and Strategic Head of Early Help should	The percentage of Children's contacts processed by the	Internal Audit are in the process of completing a formal follow up audit of	<b>Director:</b> Paul Marshal Director of Children's

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<p>Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p>	<p>2017</p>	<p>revise the SLA to more clearly define which types of referrals must meet the 4 hour timescale, and the expected timescales for other types of referrals. If this is to be based on Level of Need, then this must always be clearly recorded in MiCare for each contact and a mechanism and responsibility for doing so must be introduced.</p> <p>New performance measures based on the revised SLA should be created and routinely monitored. For the remaining contacts which are subject to the 4 hour target, the Head of Customer Services should give consideration to options for improving the timeliness of Contact Centre processing.</p>	<p>Children &amp; Families contact centre service within 4 hours for the months of May, June and July 17 were as follows: May 17 – 75.9% June 17 –73.7 % July 17 – 82%</p> <p>A business case will be produced for the consideration of the City Treasurer and Director of Children’s Services for additional Contact Manchester resources to achieve the 4 hour timescale set out within the current SLA between Children’s Services and Contact Manchester.</p> <p>The types of children’s contacts which should be processed within 4 hours will be clearly defined and agreed, this will be reflected within an updated SLA between Children Services and Contact Manchester.</p> <p>The types of children’s contacts which should be classed as ‘routine’ will be clearly defined and agreed, response times for these contacts will be agreed and this will be reflected within an updated SLA between Children Services and Contact Manchester.</p>	<p>the Multi Agency Safeguarding Hub and therefore progress on implementing these individual recommendations and an updated overall audit opinion will be provided following this work by the end of March 2018.</p> <p><b>Internal Audit Opinion:</b> Audit work ongoing to inform our view on progress.</p>	<p>Services</p> <p><b>Assistant Executive Member:</b> Councillor Sheikh</p> <p><b>Status:</b> Five months overdue</p> <p><b>Action:</b> Ongoing formal follow up audit in progress</p>
<p>Multi Agency</p>	<p>30 September</p>	<p>The MASH Operations Manager</p>	<p>Consent Policy revised and shared with all MASH staff.</p>	<p>Internal Audit are in the process of completing a formal follow up audit of</p>	<p><b>Director:</b> Paul Marshall Director of Childrens</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>Safeguarding Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p>	<p>2017</p>	<p>should ensure that the consent fields in the MiCare Contact Centre Information episode and in the Screening Social Worker Decision page of the Contact Screening episode are mandatory.</p> <p>If the consent field is answered 'no', the free-text justification field should then be mandatory.</p> <p>The MASH Operations Manager should ensure that Screening Social Workers review the reasons for no consent before proceeding, to ensure that the justifications provided for over-riding consent are in line with the Consent Policy.</p>	<p>Monthly audits by MASH team managers are evidencing improvements. Application of consent policy will be tracked via monthly partner audit activity.</p>	<p>the Multi Agency Safeguarding Hub and therefore progress on implementing these individual recommendations and an updated overall audit opinion will be provided following this work by the end of March 2018.</p> <p><b>Internal Audit Opinion:</b> Audit work ongoing to inform our view on progress.</p>	<p>Services</p> <p><b>Assistant Executive Member: Councillor Sheikh</b></p> <p><b>Status:</b> five months overdue</p> <p><b>Action:</b> Ongoing formal follow up audit in progress</p>
<p>Multi Agency Safeguarding Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p>	<p>30 September 2017</p>	<p>The MASH Operations Manager should ensure that criteria are defined for the circumstances under which a longer assessment period may be appropriate, or (if such circumstances are too varied) that there is a request / management approval process. A mechanism should be introduced to identify / flag these referrals as such in order to monitor timeliness of these cases separately.</p> <p>Overall timeliness of the process should continue to be monitored by the MASH Board and MASH Managers, subject to the revisions recommended below in 4.1.</p>	<p>Procedures to be updated to reflect timescales for referrals requiring an immediate, 24-hour, or 72-hour response. Performance will be monitored via monthly Children's performance clinics, the MASH Operational Group, and the MASH Strategic Partnership Board. Daily tracking is in place via team managers to monitor timeliness.</p>	<p>Internal Audit are in the process of completing a formal follow up audit of the Multi Agency Safeguarding Hub and therefore progress on implementing these individual recommendations and an updated overall audit opinion will be provided following this work by the end of March 2018.</p> <p><b>Internal Audit Opinion:</b> Audit work ongoing to inform our view on progress.</p>	<p><b>Director:</b> Paul Marshall Director of Children's Services</p> <p><b>Assistant Executive Member: Councillor Sheikh</b></p> <p><b>Status:</b> five months overdue</p> <p><b>Action:</b> Ongoing formal follow up audit in progress</p>
<p>Multi Agency Safeguarding</p>	<p>30 September</p>	<p>The MASH Operations Manager should ensure that the Performance</p>	<p>MASH dashboard amended and reports monthly to MASH</p>	<p>Internal Audit are in the process of completing a formal follow up audit of</p>	<p><b>Director:</b> Paul Marshall Director of Childrens</p>



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<p>Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p>	<p>2017</p>	<p>Dashboard is amended to show:</p> <ul style="list-style-type: none"> <li>• overall end-to-end timeliness of cases (time elapsed in the Contact Centre plus time elapsed in the MASH);</li> <li>• the target (i.e. 24 consecutive hours, excluding weekends);</li> <li>• the percentage meeting / not meeting the target.</li> </ul>	<p>Strategic Board and Children’s Services Performance Clinic chaired by Deputy Director.</p>	<p>the Multi Agency Safeguarding Hub and therefore progress on implementing these individual recommendations and an updated overall audit opinion will be provided following this work by the end of March 2018.</p> <p><b>Internal Audit Opinion:</b> Audit work ongoing to inform our view on progress.</p>	<p>Services</p> <p><b>Assistant Executive Member: Councillor Sheikh</b></p> <p><b>Status:</b> five months overdue</p> <p><b>Action:</b> Ongoing formal follow up audit in progress</p>
<p>Legal Services Income and Expenditure</p> <p>17 October 2017</p>	<p>31 October 2017</p>	<p>The Finance Manager should ensure that copies of relevant financial supporting records such as 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.</p>	<p>Agreed in principle, however the vast majority of legal services invoices are subject to client 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.</p>	<p>Met with service manager, confirmed recommendation not yet implemented and advised on evidence required in order to class recommendation as implemented.</p> <p><b>Internal Audit Opinion:</b> Not implemented</p>	<p><b>Director:</b> Liz Treacy, City Solicitor</p> <p><b>Executive Member:</b> Sir Richard Leese</p> <p><b>Status:</b> Four months overdue</p> <p><b>Action:</b> Monitor</p>
<p>Legal Services Income and Expenditure</p>	<p>31 October 2017</p>	<p>The Finance Manager should issue guidance to staff within Legal Services reminding them of the correct processes to follow for</p>	<p>Agreed in part. It is not always possible to raise POs as there are a number of scenarios where the exact cost of a</p>	<p>Met with service manager, confirmed recommendation not yet implemented and advised on evidence required in order to class</p>	<p><b>Director:</b> Liz Treacy, City Solicitor</p> <p><b>Executive Member:</b></p>

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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>service is not known at the time 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>recommendation as implemented.</p> <p><b>Internal Audit Opinion:</b> Not implemented</p>	<p>Sir Richard Leese</p> <p><b>Status:</b> Four months overdue</p> <p><b>Action:</b> Monitor</p>
Academy Business Application	31 December 2017	The ICT Team Lead – Application Support should develop a process to ensure that access rights are promptly disabled for all leavers and	We consider the risk to be lower than that indicated in the matters arising. Our investigation indicated that officers were	Following a meeting with the business owner we have been informed that this recommendation has been addressed, however we	<p><b>Director:</b> Bob Brown, CIO</p> <p><b>Executive Member:</b></p>

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3 August 2017		movers on the Academy Unix operating system.	removed from the relevant Active Directory group. While some residual risk remained, this was very minor in nature and any changes made would have been automatically flagged to a user for investigation. We have recently implemented a new software solution which supports the ICT mover and leaver processes. We consider that the associated revised working practices should address the risk of access not being removed and will monitor the effectiveness of this.	have not yet been able to obtain evidence to confirm this.  <b>Internal Audit Opinion:</b> Not implemented	Councillor Flanagan  <b>Status:</b> Two months overdue  <b>Action:</b> Monitor
Academy Business Application  3 August 2017	1 December 2017	The Corporate Assessments Manager, with support from the ICT Team Lead – Application Support, should assess the feasibility of implementing security auditing against all sensitive data tables on the Ingres production database.	Corporate Assessments Manager to meet with ICT colleagues to assess the feasibility of implementing security auditing against all sensitive data tables on the Ingres production database.	We are aware that significant effort has been expended in assessing the feasibility of this action, including engagement with ICT and the software supplier. The outcome of this is to be brought together into a report for management information and approval on the proposed way forward.  <b>Internal Audit Opinion:</b> Not implemented	<b>Director:</b> Carol Culley, City Treasurer  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> Three months overdue  <b>Action:</b> Monitor
Disaster Recovery  29 June 2017	31 December 2017	The Head of Service Operations should liaise with key ICT, Council management and stakeholders within the business to arrange and complete a Business Impact Assessment (BIA) of key IT services,	Clearly defined RPO's and RTO's will be discussed and agreed with the business for all services and applications, with an initial focus on critical services and applications, as	The Risk & Resilience Team have undertaken a major piece of work on Business Continuity Planning, which incorporates gathering of RTOs. However this work does not explicitly include RPO analysis.	<b>Director:</b> Bob Brown, CIO  <b>Executive Member:</b> Councillor Flanagan

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		systems and applications in use at the Council. Recovery Time Objectives/ Recovery Point Objectives and specific data backup and recovery requirements (such as priorities) for each system should be defined and agreed between the business and ICT as part of this process.	part of the Data Centre Strategy Programme.	This work is scheduled for completion at the end of March 2018, at which point the recommendation would be partially implemented.  <b>Internal Audit Opinion:</b> Not implemented	<b>Status:</b> Two months overdue  <b>Action:</b> Monitor
ICT Internet & Email Filtering  27 July 2017	31 January 2018	Review of the operational processes including the whitelisting of sites, user exception approvals and action on quarantine items did not indicate any significant omissions. However, the processes were not documented. The management of this process was expected to form part of the role of the contracted out security team.	The Head of Service Operations should document the service requirements for the outsourced service provider and develop guidance for tasks that the Council will retain internal control over. Where systems administrator access is required to undertake the outsourced services, the Head of Service Operations should approve those to be given this level of access.	Meeting arranged with service manager to discuss progress towards implementation.  <b>Internal Audit Opinion:</b> Not implemented	<b>Director:</b> Bob Brown, CIO  <b>Executive Member:</b> Councillor Flanagan  <b>Status:</b> One month overdue  <b>Action:</b> Monitor
ICT Programme and Project Management  30 June 2017	31 December 2017	The Head of PMO & Governance should continue to improve the existing arrangements for formally assessing the delivery of ICT benefits derived from individual projects. This will enable ICT to further contribute to	As part of the ITSM project, for which delivery of Phase 1 is imminent, we will actively look to enhance and formalise our approach to tracking of benefits. Following this, we will decide	Meeting arranged with service manager to discuss progress towards implementation.  <b>Internal Audit Opinion:</b> Not implemented	<b>Director:</b> Bob Brown, CIO  <b>Executive Member:</b> Councillor Flanagan

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		the SROs' assessment of the benefits realisation of projects.	whether the approach should be rolled out more widely across the portfolio.		<p><b>Status:</b> Two months overdue</p> <p><b>Action:</b> Monitor</p>
Capital Budget Monitoring	31 December 2017	The Finance Lead - Capital & Treasury Management should update the procedures in place for monitoring the capital budget so they are reflective of current operational practices. The procedures should include a timetable of key milestones in an individual monitoring period.	Procedures for each monitoring area will be completed by September, including main contacts in the service, resources / reports used, key risk areas, and funding issues. Working practices will be reviewed until December 2017 to determine if processes can be improved, this may lead to further amendments.	<p>Meeting arranged with service manager to discuss progress towards implementation.</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> Two months overdue</p> <p><b>Action:</b> Monitor</p>