



Audit Committee

Date: Tuesday, 14 March 2023

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a Revised Supplementary Agenda containing information that was not available when the agenda was first published. The agenda item of business (Item 7) has been withdrawn from the agenda.

Access to the Council Antechamber

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

Filming and broadcast of the meeting

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Membership of the Audit Committee

Councillors -

Lanchbury (Chair), Curley, Good, Russell, Simcock, Stogia and Wheeler

Independent Co-opted Members - Mr Downs and Dr D Barker

Revised Agenda

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|------------|--|-----------|
| 5. | Internal Audit Assurance
The report of the Head of Audit and Risk Management is enclosed. | 3 - 80 |
| 7. | Item withdrawn | |
| 8. | Outstanding Audit Recommendations
The report of the Head of Audit and Risk Management is enclosed. | 81 - 102 |
| 11. | Work Programme and Decisions Monitor
The report of the Governance and Scrutiny Support Unit is enclosed. | 103 - 108 |

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This revised agenda was issued on **Wednesday, 8 March 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

Manchester City Council Report for Information

Report to: Audit Committee – 14 March 2023

Subject: Internal Audit Assurance Report

Report of: Head of Internal Audit and Risk Management

Summary

The Internal Audit section delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the Council. This work culminates in the Annual Head of Internal Audit Opinion and an Annual Assurance Report.

This report provides an update of progress on the agreed audit plan 2022/23; additional work assigned to the audit service and copies of the audit opinions issued in the period October 2022 to the end of January 2023. A progress update on the period prior to this was provided to Committee in October 2022.

Recommendations

Audit Committee is requested to consider and comment on the Internal Audit Assurance Progress Report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the City
None
Equality, Diversity, and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
None

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	An effective internal audit service is an integral part of the Council's governance arrangements. It helps to maintain and develop good governance and risk management and provides independent assurance over the effectiveness of the Council's systems of control. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue None

Financial Consequences – Capital None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Internal Audit progress reports to Audit Committee – July and October 2022
- Internal Audit Annual Opinion 2021/22 to Audit Committee – April 2022

1 Introduction

- 1.1 The work of internal audit is a key part of the Council's overall assurance framework which is described in the Annual Governance Statement and in the Head of Audit and Risk Management's Annual Opinion. This report provides an update on work in the quarter ended December 2022.
- 1.2 Work continues to be prioritised in areas of highest risk and where changes have been made to policies, strategies, and systems. These factors, alongside pressure across the organisation to respond to the cost-of-living crisis; manage inflation, costs, and resource reductions; target capacity to deliver on key priorities; and in the delivery of services and support to residents are reflected in the opinions and findings of audit work.
- 1.3 This report includes the outcomes from a series of follow up audits relating to school financial controls and actions taken to respond to audit recommendations designed to strengthen systems of control. These will continue and as will our work liaising with colleagues in Education and school business managers, to support positive governance, risk management and control within schools..
- 1.4 Appended to this report are:
- Appendix One: Delivery status of the annual audit plan 2022/23
 - Appendix Two: Executive summaries October 2022 to December 2022
 - Appendix Three: Basis of Audit Assessments (Opinion/Priority/Impact).
 - Appendix Four: Alternative sources of assurance

2 Audit Programme Delivery

- 2.1 The following is a summary of progress against the 2022/23 plan at the end of January 2023

	July 2022		September 2022		January 2023	
Audit Status	Audit Plan Status	Delivery %	Audit Plan Status	Delivery %	Audit Plan Status	Delivery %
Final Report / Assignment Complete	13	16%	31	38%	56	62%
Draft Report	5	6%	5	6%	4	5%
Fieldwork Completed	2	2%	3	4%	2	2%
Fieldwork	6	7%	10	12%	9	10%
Planning	12	15%	7	9%	13	14%

	July 2022		September 2022		January 2023	
Audit Status	Audit Plan Status	Delivery %	Audit Plan Status	Delivery %	Audit Plan Status	Delivery %
Not Started	44	54%	25	31%	0	0%
Deferred					6	7%
TOTAL	82	100%	81	100%	90	100%

- 2.2 We have completed 67% of the plan to draft or final report with 12% of fieldwork in progress or completed. The increase in the total number of jobs on plan from September position is largely due to the inclusion of reports issued to individual schools on their Safer Recruitment arrangements; these form the basis for the main, overarching summary report to the Director. We have also added work in Housing Services to provide assurance over arrangements for the management of reports of damp and mould as well as the process for managing short term voids.
- 2.3 The figures above exclude ongoing work on the management of a Cost Recovery Contract which is identifying and recovering costs incurred as a result of overpayments, unused credit notes and VAT coding errors. This work will continue into 2023/24.
- 2.4 From a full review of the plan in December 2022 including assessment of skills, capacity and client updates there are audits proposed to be deferred to 2023/24 or amended as follows:

Defer	Avro Hollows Follow-Up	Audit recommendations have been incorporated into a broader set of recommendations and observations that have been shared with the Chair of the Tenant Management Organisation (TMO) and are being explored through Council and TMO liaison meetings. The outcome of these will inform the approach to any further follow up work required but at this stage there is limited assurance over actions having been taken to address risks raised in the audit.
Defer	Project Assurance – Piccadilly Gardens and Victoria North	Planning for this audit had been undertaken by the Deputy Head of Audit and Risk Management in the absence of the current Lead Auditor. Whilst positive assurance had been obtained through

		<p>dialogue with officers and a review of documentation, and whilst it is evident there is good governance in place with reporting to senior officers and Members, the detailed audit work and testing had not progressed to a point where a formal audit assessment could be provided. A framework for developing audit assurance over projects has been developed and will form part of the audit planning proposal for 2023/24.</p>
Defer	Joiners Movers and Leavers	<p>Internal Audit's planned role was to support a project reviewing and amending the process for joiners, movers, and leavers. This specific piece of work has been delayed pending the implementation of the new recruitment system and process change needing to be completed first. Audit involvement is proposed for 2023/24.</p>
Defer	OFSTED Improvement Plan - Children Disability services	<p>This was an additional job added to the audit plan post Ofsted inspection. The additional focus on schools and additional audit reports in 2022/23 has impacted resource so this audit is proposed to be reassessed for inclusion in the 2023/24 audit plan.</p>
Defer	Health and Social Care: Assurance Framework Review	<p>Work is ongoing to develop the risk and assurance framework for place-based health and care arrangements brought about through NHS structural change. Internal Audit are engaged in this work on risk and assurance reporting but this is ongoing so included in the 2023/24 audit plan.</p>
Defer	Core Financial Systems Assurance Mapping	<p>Initial mapping completed and discussed with finance. Delays in completion due to focus on SAP replacement and this work will be progressed in 2023/24 in alignment with the project.</p>

Amend	ICT Project Assurance: Flare Replacement	There has been a delay in the procurement of the new system so testing of adoption has been delayed and this audit is proposed to be reassessed for inclusion in the 2023/24 audit plan. Time refocused to deliver Liquid Logic Application Audit.
Amend	Homelessness Supported Accommodation - Governance and Control	In discussion with management amended scope to: Homelessness Rents Team: Review of Core Processes for 2023/24 with consideration of supported accommodations risks to be assessed as part of audit planning 2023/24
Amend	Regulatory Services	Specific scope of the planned audit now confirmed as Compliance and Enforcement – Damp and Mould in the Private Rented Sector
Amend	Payroll	Scope moved from payroll to imprest accounts in year following feedback and issues raised by external audit in 2022.
Amend	Children's Data Quality	Following an assurance review of direct payments in adults services in 2022 the review of data quality has been amended to focus further data analysis and work in this area in 2023. This is underway and scheduled for completion by the end of April 2023. Data quality in children's services will be revisited as part of 2023/24 audit planning.

- 2.5 Auditors continue involvement in a range of high-profile programmes and projects across the Council, including the Resident and Business Digital Experience Programme, Our Town Hall, Factory and various directorate leadership teams; enabling them to build intelligence and have greater insight regards emerging risk. They also engage with Directorate Leadership Teams on an ongoing basis, review documents and committee reports and access other sources of assurance across the Council throughout the year. This interaction enables the Service assurances beyond that provided by formal Internal Audit work and contribute to a holistic audit assessment of governance, risk and control. This contribution to overall assurance is captured by the service and is described further, showing links to activities to the Code of Corporate Governance, in Appendix 4

3 Resourcing and Plan

- 3.1 The Audit and Risk Management service review, consultation and internal appointments process is complete. The process of establishing the new structure and formalising appointments to roles will be completed by the end of the month. The process has resulted in two vacancies in the Internal Audit Service and options for recruitment across Internal Audit and the wider service are being developed.
- 3.2 As service change has been progressing, discussions have been taking place with Tameside Council and a proposal developed to explore how the collaboration between Manchester and Bolton may be enhanced and expanded to include the Tameside service. One of the potential opportunities of this wider collaboration is to explore a shared or coordinated approach to recruitment and the use of apprenticeship, graduate or other options to secure the best possible people to meet current and future needs. This is a subject of a separate report to Audit Committee.
- 3.3 The Deputy Head of Audit and Risk Management left the City Council in January 2023 having been appointed to the Head of Audit and Risk Management role for St Helens Council. The recruitment process for this vacancy is underway with applications to be submitted by 13 March. A Senior Auditor started her maternity leave in December and to reflect this shortfall in resource we have appointed a new starter on an agency contract to support delivery of audit work, with a focus on completing the planned work with schools.
- 3.4 With these changes and for other reasons that impact the delivery of the plan there are a small number of planned audits that will need to be deferred to the first quarter of 2023/24.

4 Children's Services and Education

Management Oversight and Supervisions

- 4.1 The final report for our audit of Children Services Management Oversight and Supervisions provided reasonable assurance over the arrangements in place to ensure sufficient and appropriate supervisions. There were clear and concise policies and procedures in place and supervisions were taking place regularly. Interviews with social workers and managers confirmed that the supervision process was a positive one for all involved.
- 4.2 Areas for improvement related to the recording and follow up of individual actions identified during supervisions, the need to agree a consistent approach to recording case discussions and ensure the implementation of the revised approach to quality assurance. Management responses have been agreed and a timely plan for implementation of the necessary improvements to reduce the exposure to risk has been agreed.

Foster Care Payments

- 4.3 We have completed the fieldwork for our audit of foster care payments and are in the process of agreeing the report and improvement actions with management.

Early Years Casework Management Compliance

- 4.4 We issued terms of reference and started the fieldwork for our audit of Early Years Casework Management. We are reviewing compliance with agreed procedures for undertaking and recording the management of casework, fieldwork and the draft report will be completed for this work by the end March.

Supporting People

- 4.5 We had planned to start fieldwork in quarter three to meet deadlines initially set by the GMCA for assurance requirements in this area. However there has been changes in the requirements around supporting people and therefore GMCA have needed to amend their assurance requirements from Local Authorities. As a result, they asked for audit work to instead take place in quarter four of the audit year. A meeting was held by GMCA for all Greater Manchester audit teams in mid-December to brief on changes to audit requirements. We are in the process of developing terms of reference and agreeing timescales with the client for this audit work with delivery to take place in March/April.

Safer Recruitment

- 4.6 We have issued the final report for our thematic audit of safer recruitment in schools. We were only able to provide limited assurance over schools' compliance with the safer recruitment policy due to our opinions at the individual schools visited which were limited for 7 of 10 visited with the remaining three receiving reasonable assurance opinions. We issued reports to the individual schools, summarising recommendations and agreeing action plans for their specific issues.
- 4.7 Our analysis showed consistent themes in the issues across schools. Many of these related to a lack of sufficient documentation being retained to support checks recorded in the Schools Single Central Record (SCR) and a lack of consistency between supporting records and the SCR. As a result schools were unable to demonstrate that safer recruitment checks had been fully completed. These themes indicated gaps in knowledge around safer recruitment requirements so as well as recommendations to individual schools we also recommended action from the Local Authority to offer further support and guidance to complement the current training offer for schools and to re-emphasise compliance requirements.
- 4.8 We plan to follow up implementation of the recommendations made at individual schools as well as the recommendations made in the central report.

School Financial Health Checks and Follow Up Audits

- 4.9 We have agreed the final list of schools for audit and are progressing these. The final healthcheck report was issued for Abraham Moss High School.
- 4.10 We revisited schools with outstanding audit actions to assess progress and support ongoing improvements. Good progress was being made in the implementation of recommendations with actions taken at All Saints Newton Heath and a positive direction of travel on others like Lily Lane, but there are others where further action is required to address exposure to risk so this remains an area of focus for Internal Audit, finance and education colleagues.

School	Total Made	Outstanding	Partially Implemented	Implemented / Mitigated
Lily Lane Primary	7		3	4
St Margaret's C of E Primary	6		3	3
St Bernard's Primary	8	2	4	2
Martenscroft Nursery School and Children's Centre	7	1	3	2
Collyhurst Nursery School and Children's Centre	4	4		
The Divine Mercy RC Primary	3	3		
All Saints Newton Heath Primary	9			9
St Philips Primary	7		2	5

- 4.11 Further details are provided in a separate report to Audit Committee on school audit recommendations.

5 Adult Services

Payments

- 5.1 We issued a final report for the audit of Adults Care Package payments. This focused on controls over payments for packages of care and how these were processed through the adult social care system (Liquid Logic) and the associated finance system (Controcc). This has been a long-standing challenge and a lot of work has been done across a number of services within the directorate and with ICT and finance colleagues as part of a Resolver Team to try and address issues over backlogs and payments.

- 5.2 We were only able to provide limited assurance that there was an effective strategy to address the reconciliation of 'orders' for care and related invoices. This meant that there was a reasonable likelihood that unprocessed payments would accrue, or at best not be reduced. The unreconciled invoices balance had been steadily increasing since the Resolver Team finished a task and finish programme of work and the report noted that at September this had increased to £1.7m. There were other concerns that contributed to this opinion, specifically the absence of integrated guidance and expected service standards, and a lack of management information available to identify where issues in the process are originating.
- 5.3 We support management's decision to focus on changes to enable a permanent solution to be embedded to prevent future backlogs rather than a continuation of a Resolver Team with a dedicated purpose of addressing unreconciled items. However, this change of focus has resulted in the increase in unreconciled invoices as the resource to address these long-term issues, through the Resolver Team, was reduced. We acknowledged that a balance needed to be struck between identifying and implementing a permanent solution and continuing to respond to existing and emerging reconciliation issues.
- 5.4 We are satisfied that management responses to the recommendations made in the report are comprehensive and appropriate. We welcome the opportunity to support and input to the planned work to develop clear business rules for all elements of the payments processes this will be a key action to support the reduction in exposure to risk in this area and support timely and accurate payment of suppliers.

Disabled Facilities and Adaptations

- 5.5 We have completed the fieldwork and issued a draft report for our audit of adaptations during the quarter. We noted that the Service Level Agreement between the Council and the housing registered providers had not been updated or reviewed since 2018 and that elements of performance reporting had lapsed with there had been no central performance reporting across the adaptations process since the start of the pandemic. We have shared and discussed detailed findings and improvement actions with management and expect to finalise this report in March.

Quality Assurance Framework

- 5.6 We had planned to start the fieldwork for this audit in November but agreed to delay the audit until the end of the year to give the new QA framework time to further embed after its launch. We have issued our scope for this work with fieldwork to start in March and the audit concluded by May.

6 Corporate Core and Information Governance

Core

- 6.1 We finalised a report on the process for vendor (supplier) creation and amendment in the finance and HR system (SAP), providing limited assurance over the design of controls in this area. This was a known area of risk for management and the work identified opportunities for improvement in standardising the approach to validating changes and in recording and storing the detail of checks performed. Managers responded positively to the recommendations and are working to deliver these in accordance with agreed timescales. We will carry out a follow up review in 2023/24 to confirm that the planned improvements have been implemented.
- 6.2 We carried out a follow up exercise in relation to the Public Sector Decarbonisation Scheme (Phase 1) to support the team in responding to some final queries from the funder. As a result of this work, we did not issue a formal assurance opinion, but made two recommendations for improvement in the clarity and consistency of record-keeping.
- 6.3 We completed our final review of spend under the European Regional Development Fund Zero Carbon Cities project. As well as certifying the spend as accurate and valid we used this work as an opportunity to incorporate a review of procurement arrangements into our final report to assist management in their approach too overseeing and assuring future projects and schemes. Given the high levels of involvement funders have expected from auditors in recent years, and the time we have spent in reviewing multiple grants, we are developing a consolidated view of best practice in grant administration and award processes for wider dissemination.
- 6.4 The COVID-19 Business Grants Post Payment Assurance exercises as mandated by Government (BEIS) are now complete, and we have received confirmation that the Council is not required to provide anything further in this respect. However, work continues to recover debt in relation to a small number of awards that were made erroneously. The total value of funds yet to be recovered is less than 1% of the total funds administered by the Council, which is significantly lower than national estimates published by BEIS. All Councils are expected to follow a national process for administration of these debts, which can ultimately be referred to Government if local recovery action is not successful. We are working with finance and revenues colleagues to agree an approach that meets the requirements of Government and does not expose the Council to additional administrative burdens or risks.
- 6.5 Our work with an external profit recovery firm is continuing. This had returned £211k of funds back to the Council at the end of December. The review does allow us to identify how each error arose and this is being used to evaluate any trends or required control improvements. Some of the costs recovered for example are for credit notes that are held on the basis of potential future spend. Rather than hold these credit notes and risk them lapsing or being overlooked we are encouraging management to seek refunds and only accept credit notes where there is complete confidence they will be applied quickly and in full. This exercise is likely to continue beyond the end of March 2023.

ICT and Information Governance

- 6.6 Our formal audit activity in this area has been limited to the progression of work on an application audit of the Council's social care system, Liquid Logic. Although we continue to engage in a number of ICT projects through attendance and engagement with groups and boards.
- 6.7 The Head of Audit and Risk is the acting Deputy Senior Information Risk Owner for the Core and attends the monthly Corporate Information Assurance and Risk Group (CIARG). CIARG monitors a range of key performance indicators relating to data quality and information management and receives regular updates on Data Security from the Head of Cyber Security and Compliance. These include updates on phishing emails blocked, firewall events, vulnerabilities, and patching compliance. Other measures include Member and Staff training completion rates for Cyber Ninjas and Data Confident (data handling awareness), and actions to increase uptake.
- 6.8 CIARG has overseen a comprehensive series of Data Governance Networking Events for Data Governance Leads across the Council. This included sessions to increase understanding of the various types of data incidents, and how to record these timely and correctly, and treat them. Cases were used as examples to promote greater awareness and caution when handling personal data, and the role of the Information Commissioners Office was explained. Having a trained, competent, and extensive network such as this provides positive assurance that data is controlled, and associated policies understood and followed.
- 6.9 SMT have also had a focus on cyber risk and have agreed ongoing investment in ICT security as well as work to plan for potential impacts of a cyber incident. Whilst the prevention and detection of threats is critical and remains a focus of ICT and an area of growth approved in the 2023/24 budget, work is also progressing on a refresh of business continuity plans to confirm the steps that would be taken should the Council experience a catastrophic loss of data or ICT access. This remains a key risk and ongoing area of focus given the potential ramifications which have been described in public reporting of incidents for example in Hackney and more recently with the loss of the SAP system in Glasgow that left the Council unable to process payments.
- 6.10 Preparations are in progress for the Council's annual certification process to sign the Code of Connection and consume services via the Public Service Network (PSN). The current certification expires in May 2023. Internal Audit will provide assurance primarily to the Chief Executive and in turn, to the Council's Senior Information Risk Owner (SIRO) that the information presented in the PSN return to be submitted to Government Digital Services (GDS) at the Cabinet Office, is accurate and represents a true / fair view of the Council position regards PSN compliance.

7 Neighbourhoods; Growth and Strategic Development

Building Control

- 7.1 We are completing fieldwork on an audit of arrangements to handle complaints or matters related to unauthorised building work. This will review the current process, arrangements for progressing referrals, use of management information and will incorporate an assessment of planned changes to roles and responsibilities within the directorate. This work is scheduled to complete in March.

Housing Services: Empty Property and Voids

- 7.2 A follow up review confirmed that three significant priority recommendations from the original audit are now fully implemented, with one other classed as being partially implemented. Two lower priority recommendations have also been partially addressed. This is positive progress and whilst some actions remain this does represent a significant reduction in the exposure to risk.
- 7.3 We will continue to engage with the service to gain further updates on progress and will include checks to validate further progress in our review of day-to-day empty properties and voids which is scheduled to conclude in April.

Housing Services: Assurance Framework

- 7.4 Through regular liaison with the Director of Housing Operations we have discussed the potential scope of assurance work over compliance with the new consumer regulations and building safety regulations. The scale and breadth of these regulations represent a significant challenge for the service and we are assured that this is well understood with regular reports and updates to SMT and the Housing Advisory Board. There are actions being progressed in all areas and a lot of work has been done to secure compliance but the ability to meet all duties and address all areas for improvement remains a risk. We will be utilising existing assurances to help management track and respond to any gaps and will update on this work in the annual audit opinion.

Damp and Mould in Council and Private Rented Sector Homes

- 7.5 In 2020 a two-year-old boy tragically died of a respiratory condition caused by prolonged exposure to mould in his family's housing association flat. This case focused attention on the responsibility of all registered providers – private and local authority – to ensure that the homes they provide are well-maintained and of a decent standard. The Regulator of Social Housing (RSH) wrote to all providers, requesting evidence showing they have appropriate systems in place to identify and deal with damp and mould issues in their homes, and that they are addressing risks to their tenants' health. The response to this request provided assurance that the Council has processes in place to respond to the complaints of damp and mould across the City.
- 7.6 To support assurance over these arrangements Internal Audit proposed two audits. One to focus on Council housing and one to focus on compliance and enforcement activity in respect of the private rented sector.

- 7.7 It was evident in planning that more needed to be done to address complaints rising from Council housing and in particular the lack of capacity in surveying teams arising from absence, vacancies and other factors were affecting the ability to respond to complaints and support remedial action on a timely basis. It was evident that an audit would result in limited assurance and add little value so we agreed with management that we should report this position and that these challenges should continue to be reported and escalated to SMT and the Housing Advisory Board. We remain sighted on these challenges and on improvement planning through engagement with management including attendance at Housing Management DMT and will scope areas for audit focus as part of the 2023/24 audit plan.
- 7.8 The second audit was intended to provide assurance that the Council had arrangements in place to identify and address risks relating to damp and mould issues affecting the private rented sector. This resulted in reasonable assurance. We were assured that there was strong governance with policies and processes in place, roles and responsibilities clearly defined and the recording of cases and agreed actions. Our primary observation related to the closure of cases where tenants did not respond to follow up requests or clarifications issued by the team. Whilst we acknowledged that this was a pragmatic response and in line with current procedure, management have agreed to review the approach to assess and minimise the risk that vulnerable tenants or those less able to provide information might not access support required to address genuine concerns.

8 Procurement, Contracts and Commissioning

- 8.1 The reviews of contracts risk management and Factory project work packages are complete with draft reports issued for management comment and agreement of actions. The outcome of this work will be reported to Audit Committee as part of the annual audit opinion.

Adult Social Care: Contract Governance

- 8.2 We provided a limited assurance opinion over the framework in place for contract governance within adult social care (ASC). Although we identified robust arrangements in some areas, particularly in relation to the framework for providing assurance over the quality of care provision where our audit opinion was positive, there were considerable gaps in some of the key areas of governance, risk, and control over ASC contracts.
- 8.3 We acknowledge the previous challenges experienced by the service resulting from NHS structural changes and changes in the delivery function and recognise that the service is on an improvement journey. Nonetheless, our work identified gaps in assurance particularly around current available resource within the Contracts Team which is limiting the active progression of identified improvements. The reinstatement of existing capacity within the team that has been focused on reactive work over the last 12 months should

help to build the improvements acknowledged by management as being required to strengthen the framework and governance around contracts.

- 8.4 Improvements were also needed in respect of the monitoring arrangements over aspects of the contract which fall outside of quality, for example social value, carbon reduction, financial resilience and performance indicators (not related to quality). As a result, we made several recommendations to help focus management attention and these were agreed by and are actively being taken forward.

Social Value Monitoring

- 8.5 A reasonable assurance opinion was provided over Council-wide social value monitoring. It was clear that the embedding of social value has progressed positively and there were examples of social value being fully integrated into contracts and associated monitoring arrangements. The audit noted that the extent of this monitoring and challenge of outcomes continues to vary and work is needed to bring some services up to the expected standard.
- 8.6 The use of the social value fund and of banked hours were areas which require further focus to ensure the Council maximises the social value contributions agreed by contractors. In addition it was not possible to determine an overall position in terms of social value benefits and outcomes received to date. Although we acknowledged that the new contract management system should help with this and the tracking of environmental elements of contract commitments.

Other Assurance

- 8.7 The planned roll out of the new contract management system is progressing and this should allow for greater central oversight of costs, outcomes and supplier to enable directorate and corporate resources to be further focused in accordance with need. This is a positive development and should help deliver monitoring, reporting and intelligence benefits across the Council.
- 8.8 Contract management e learning has been made available to all officers with a contract and commissioning role. This is part of an ongoing programme of support and maintenance of the network of contract officers. A new Major Contracts Review Board has also been developed to gain assurance over major contracts. These are positive examples of assurance for Internal Audit that demonstrate the continued strengthening of Council arrangements over procurement, commissioning and contract management activity.

9 Counter-Fraud and Investigations

Proactive

- 9.1 Internal Audit liaised with officers from across the Council to co-ordinate the upload of data for the 2022 NFI exercise; this was completed in November.

Data matches are due to be released for review and investigation by the end of March 2023.

- 9.2 Online anti-money laundering training has started to be rolled out to services considered to be at higher risk of money laundering transactions. This supports the Council's Anti-Money Laundering Policy and helps improve knowledge and awareness of the Council's requirements to mitigate the associated risks with this topic. In December, training was made available to 287 officers within Corporate Services of which nearly 62% have since completed the course. This will be extended to include other relevant services and periodic monitoring of completion and reminders to complete this course will continue. Face to face training on the risks of bank mandate fraud was provided to officers within finance in November in response to the national trend of fraud being committed through the misdirection of payments by fraudsters.

Reactive: Corporate Cases (To end December 2022)

- 9.3 Internal Audit had received 30 referrals of potential fraud or irregularity during the period April to December 2022. Of these 7 were considered whistleblowing allegations made either anonymously or from a named source and have been handled under the Council's Whistleblowing Policy and Procedure. The nature of this work has remained consistent including concerns raised in areas including staff conduct, financial irregularities, recruitment practices, procurement and employee compliance with procedures.

Reactive: Other Investigations: Business Grants, Council Tax Reduction Scheme and Housing Tenancy (To end December 2022)

- 9.4 In line with Central Government requirements work has continued in relation to the investigation of fraudulent covid business grant applications. As a result of this work invoices totalling £204k have been raised this financial year to recover funds that were claimed inappropriately. In addition, retrospective changes valued at £46k have been made to increase business rates (NDR) liability owed to the Council.
- 9.5 Legal action progressed during the period in relation to four cases involving false applications for covid 19 business grants, specifically:
- Two cases appeared in Magistrates Court in December 2022 for false covid grant claims valued at £10k and £20k. Not guilty pleas were entered for both. One is due to be heard in Crown Court October 2023. The other was heard in Crown Court in January but on the day the defendant changed his plea to guilty. He received a 12-month suspended sentence and drug rehabilitation order. He was also ordered to do 150 hours of unpaid work, repay the money and £4,500 in costs. As well as this positive result the case was publicised by the Manchester Evening News with statement from the Executive Member for Finance and Resources.
 - Sentencing in relation to a separate case took place in October. The Company was instructed to pay a £3k fine as well as victim surcharge and

court costs. The Director of the Company was also sentenced to a £2k fine and the £10k grant falsely claimed has since also been repaid.

- The first hearing in Magistrates Court has been scheduled to take place in relation to one case valued at £20k.












9.6 During the period 62 new referrals of fraud or irregularity in relation to the Council Tax Reduction and Single Adult Discount Schemes have been received, along with 33 allegations of Housing Tenancy and Right to Buy discount fraud.












9.7 Work continues investigating allegations of fraudulent covid business grant applications, in line with Central Government requirements. As a result of this work invoices totalling £184k have been raised this financial year to recover funds that were claimed inappropriately.











10 Recommendations






10.1 Audit Committee is requested to consider and comment on the Internal Audit Assurance Progress Report.

Appendix One: Audit Status, Opinions and Business Impact 2022/23




Audit Area	Audit Status	Assurance Opinion	Council Impact
Children and Education Services			
Divine Mercy Primary School	Final Report	Limited 	Low
Special Educational Needs (SEND) Local Offer	Briefing Note	N/A	High
Schools Financial Value Standards Reporting to DfE 2021/22	Completed	N/A	Mandatory
All Saints Newton Heath - financial health check follow up	Final Report	Partially Implemented 	High
Lily Lane Primary School financial health check follow up	Final Report	Partially Implemented 	High
St Philips Primary School - financial health check follow up	Final Report	Partially Implemented 	Low
Collyhurst Nursery School and Children's Centre - financial health check follow up	Final Report	Not Implemented 	Low
Martenscroft Nursery and Children's Centre - financial health check follow up	Final Report	Partially Implemented 	Low
Sacred Heart RC Primary School - financial health check follow up	Final Report	Partially Implemented 	Low
St Margaret's C of E Primary School - financial health check follow up	Final Report	Partially Implemented 	Low
St Bernard's Primary School – financial health check follow up	Final Report	Partially Implemented 	low
Safer Recruitment in Schools	Final Report	Limited 	High
NEW Camberwell Park – Safer Recruitment in Schools	Final Report	Limited 	High

Audit Area	Audit Status	Assurance Opinion	Council Impact
NEW Collyhurst Nursery – Safer Recruitment in Schools	Final Report	Reasonable 	High
NEW Lancasterian – Safer Recruitment in Schools	Final Report	Limited 	High
NEW Loreto High School – Safer Recruitment in Schools	Final Report	Reasonable 	High
NEW St Andrews Primary School – Safer Recruitment in Schools	Final Report	Limited 	High
NEW St Johns Primary School – Safer Recruitment in Schools	Final Report	Limited 	High
NEW St Kentigerns Primary School – Safer Recruitment in Schools	Final Report	Limited 	High
NEW St Peters High School - Safer Recruitment in Schools	Final Report	Reasonable 	High
NEW St Phillips Primary School – Safer Recruitment in Schools	Final Report	Limited 	High
NEW St Wilfrids Primary School – Safer Recruitment in Schools	Final Report	Limited 	High
Children's Supervisions	Final Report	Reasonable 	High
Abraham Moss High School Assurance Health Check	Final Report	Limited 	Low
Foster Care - payments system	Fieldwork Complete	Set at Final	High
Cyber Security in Schools - thematic review	Fieldwork		High
Early Years - Case management & Recording	Fieldwork		High
OFSTED Improvement Plan – Governance	Planning		High
Church of the Resurrection School Assurance Health check	Planning		Low
Elective Home Education	Planning		Medium
Supporting People - assurance to GMCA	Planning		Mandatory
Charlestown Primary School Assurance Health check	Planning		Low
Oswald Road Primary School Assurance Health Check	Planning		Low

Audit Area	Audit Status	Assurance Opinion	Council Impact
OFSTED Improvement Plan - Children Disability services		Deferred	
Health and Care (Adult Services)			
Multi Agency Safeguarding Hub	Final Report	Reasonable 	High
Direct Payments – Assurance	Final Report	Reasonable 	High
Adults Management Oversight and Supervisions	Final Report	Reasonable 	High
Adults Care Package Payments	Final Report	Limited 	Medium
Health and Care Reform	Advice and Guidance	N/A	High
Manchester Service for Independent Living - Adaptations Delivery Model	Draft Report	Limited 	High
AMENDED Direct Payments (was Children's Data Quality)	Planning	Set at Final	Medium
Adult Services – Quality Assurance Framework	Planning		High
Performance Reporting Framework	Planning		High
Health and Social Care: Assurance Framework Review		Deferred	
Corporate Core			
Information Governance Privacy Notices	Final Report	Reasonable 	Medium
Public Services Network (PSN) Code of Connection	Briefing Note	Reasonable 	Medium
Core Financial Systems – lessons learnt from External Audit	Briefing Note	Advice & Guidance	Medium
Grant Certification: Public Sector Decarbonisation Scheme Phase 1	Complete	Certified 	Mandatory
Grant Certification (EU): Area Based Collaboration in Cities (ABCitiEs)	Complete	Certified 	Mandatory
ICT Hardware Asset Management	Final Report	Reasonable 	High

Audit Area	Audit Status	Assurance Opinion	Council Impact
ICT Vulnerability Management	Final Report	Reasonable 	High
Grant Certification (COVID): Contain Outbreak Management Fund	Complete	Certified 	Mandatory
Grant Certification (COVID): Test and Trace Support Payments	Complete	Certified 	Mandatory
Vendor Creation and Amendment	Final Report	Limited 	High
Grant Certification (EU): Zero Carbon Cities	Complete	Certified 	Mandatory
Public Sector Decarbonisation Scheme Phase 1 – Review of Final Claim	Complete	Advice & Guidance	High
Council Tax Energy Rebate Scheme Delivery and Assurance	Complete	Advice & Guidance	Mandatory
Payment Card Industry - Compliance	Complete	Advice & Guidance	High
Council Tax, Exemptions and Discounts	Fieldwork Complete	Set at Final	Medium
ICT - Cyber Assurance	Fieldwork		High
AMENDED ICT Application Audit – Liquid Logic (was ICT Project Assurance: Flare Replacement)	Fieldwork		High
AMENDED Imprest Account Administration (was Payroll)	Fieldwork		High
Climate Change – Action planning	Fieldwork		High
Debt Recovery and Write Offs – Covid Grants	Fieldwork		Medium
Core Financial Systems Assurance Mapping	Deferred		
Joiners Movers and Leavers	Deferred		

Audit Area	Audit Status	Assurance Opinion	Council Impact
Neighbourhoods			
Estates Planning - Asset Management Plan	Final Report	Reasonable <div></div>	High
Local Investment Fund	Final Report	Substantial <div></div>	Medium
Grant Certification (COVID): Protect and Vaccinate	Complete	Certified <div></div>	Mandatory
Grant Certification: Highways Local Transport Capital Block Funding (Pothole Fund)	Complete	Certified <div></div>	Mandatory
Traffic Signals Maintenance Funding	Complete	Certified <div></div>	Mandatory
Traded Services - Pest Control	Final Report	Substantial <div></div>	Medium
Youth Services - new service delivery model	Final Report	Substantial <div></div>	Medium
Housing Operations – Empty Homes and Voids Follow up	Final Report	Partially Implemented <div></div>	Medium
Compliance and Enforcement – Damp and Mould in the Private Rented Sector	Final Report	Reasonable <div></div>	High
Housing Operations – Damp and Mould in former Northwards properties	Fieldwork Started	Set at Final	High
Housing Operations - Consumer and Building Safety Regulations	Planning		High
NEW Housing Operations – Day to day voids	Planning		Medium
Growth and Development			
Disabled Facilities Grant Certification	Complete	Certified <div></div>	High
Building Control - compliance with new legislation	Planning	Set At Final	Medium
Project Assurance - Victoria North & Piccadilly Gardens	Deferred		
Avro Hollows – follow up review	Deferred		

Audit Area	Audit Status	Assurance Opinion	Council Impact
Procurement, Contracts and Commissioning			
Our Town Hall Work Packages and Payments (2nd tranche)	Final Report	Substantial 	High
Social Value Monitoring	Final Report	Reasonable 	Medium
Adult Social Care: Contract Governance	Final Report	Limited 	High
Supplier Prompt Payment Compliance	Briefing Note	N/A	Medium
Contracts Risk Management	Draft Report	Set at Final	High
Factory Project: Work Packages	Draft Report		High
Homelessness Rents Team: Review of Core Processes	Fieldwork started		Medium
Carbon Reduction in Contracts	Planning		High

Appendix Two: Audit Report Executive Summaries (Opinion Audits)

The following Executive Summaries have been issued for the audit opinion reviews finalised since October 2022 and as requested by Audit Committee are attached below for information.

Reference in Appendix	Audit Title
A	Children's Supervisions
B	Safer Recruitment in Schools
C	Abraham Moss School - Financial Health Check
D	St Bernard's Primary School - Financial Health Check
E	Adult Care Package Payments
F	Vendor Create and Amend
G	Adult Social Care – Contract Governance
H	Social Value Monitoring
I	Compliance and Enforcement – Damp and Mould in the Private Rented Sector
J	Camberwell Park – Safer Recruitment in Schools
K	Collyhurst Nursery – Safer Recruitment in Schools
L	Lancasterian – Safer Recruitment in Schools
M	Loreto High School – Safer Recruitment in Schools
N	St Andrews Primary School – Safer Recruitment in Schools
O	St Johns Primary School – Safer Recruitment in Schools
P	St Kentigern's Primary School – Safer Recruitment in Schools
Q	St Peters High School - Safer Recruitment in Schools
R	St Phillips Primary School – Safer Recruitment in Schools
S	St Wilfrid's Primary School – Safer Recruitment in Schools

Reports J - S are school specific reports issued as part of the Safer Recruitment in Schools audit and have not been included as appendices as they provide detailed feedback on a school-by-school basis. The key risks and issues from these are summarised report B that includes Council actions to address common control weaknesses highlighted across the schools tested.

REF A = Children's Supervisions

Internal Audit Report 2021/22
Children's Services
Children's Supervisions

Distribution - This report is confidential for the following recipients	
Name	Title
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Sean McKendrick	Deputy Strategic Director, Children's Social Care
Sean Walsh	Head of Service and Principal Social Worker, Accountable Officer
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Draft Report Issued	12 July 2022
Final Report Issued	19 October 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over the arrangements in place to ensure sufficient and appropriate supervision in Children's Services	Reasonable	Medium

Sub objectives that contribute to overall opinion	Assurance
Appropriate policies and procedures in place and understood	Substantial
Records demonstrate consistent compliance with agreed arrangements	Reasonable
Accurate and timely management information is produced to support performance management	Reasonable
There are links into and out of the Children's Services quality assurance (QA) process or separate QA arrangements for supervisions	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Actions from supervision should be recorded and previously agreed actions reviewed at every supervision meeting.	Significant	6 months	31 December 2022.
A preferred approach for recording case discussions completed during supervisions should be agreed on, whether that be recording them on liquid logic, recording in supervision records or a combination of both.	Significant	6 months	31 December 2022.
Management should confirm when the revised QA process will be implemented.	Significant	6 months	31 December 2022.

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1. Quality supervision is one of the most important activities managers and supervisors can provide to social workers, to ensure that the Council are achieving positive outcomes for children. It plays a crucial role in the development, retention, and motivation of the workforce. Supervision is embedded in the Social Worker's Code of Practice, Professional Capabilities Framework and the Knowledge and Skills Statement, which are all standards to be maintained by social workers. There are documented Children's Services Social work practice standards which cover requirements around supervisions and there is a Children's Services Supervisions policy.
- 1.2. We last completed an audit of Management Oversight in April 2019 where we provided a moderate assurance opinion. We agreed with management that now would be a good time to confirm supervision arrangements in Children's Services remained effective and comprehensive.

2. Conclusion and Opinion

- 2.1. Overall, we can provide a reasonable assurance opinion over the arrangements in place to ensure sufficient and appropriate supervision in Children's Services. Our testing confirmed that supervisions were taking place regularly and our interviews with social workers and managers confirmed that the supervision process was a positive one for both groups. There is also a clear and concise policy and procedure in place.
- 2.2. We made three significant and three moderate recommendations. Areas for improvement relate to ensuring the recording and follow up of individual actions identified during supervisions, agree a consistent approach to recording case discussions and ensure the implementation of the revised QA approach.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. Our interviews with nine managers confirmed that they found the supervision process useful; having the one-to-one time with their staff where they feel staff can talk freely and raise issues or concerns, than at any other time.
- 3.2. Overall, the consensus from our interviews with 10 Social Workers was that they find the supervisions process to be beneficial and enjoy the dedicated time with their manager to discuss themselves, their training needs, caseloads and clients to get a different perspective.
- 3.3. Most of the supervisions we reviewed were booked in advance, usually a month in advance but sometimes more.
- 3.4. There is an in-depth policy and procedure in place which is easy to follow and covers the supervision process. This was last reviewed and updated in February 2022.
- 3.5. In summary, we were satisfied with the timeliness of supervisions across all three localities with most having regular and timely supervisions. Where there were

gaps, these were one off examples, when the occasional monthly meeting was missed, however we found continuity was generally good.

Key Areas for Development

- 3.6. We made three significant risk recommendations in relation to: -
 - The recording of actions following supervision.
 - The introduction of a consistent approach to recording case discussions.
 - The reintroduction of the QA process.
- 3.7. We also made three moderate risk recommendations in relation to: -
 - Ensuring all Social Workers have a supervision agreement in place, and this is reviewed on an annual basis and Social Workers have seen or are provided with a copy of the supervision policy.
 - Ensuring supervisions are signed off by both the supervisor and the supervisee.
 - Ensuring all managers have received supervision training.
- 3.8. Our review of supervision documents identified some managers had adapted the supervision proforma to how they felt the form worked best. We have not raised a recommendation in this respect because where a manager has adapted the form, it still covered all the requisite areas of the supervision.

REF B – Safer Recruitment in Schools**Internal Audit Report 2022/23****Education- Safer Recruitment in Schools**

Distribution - This report is confidential for the following recipients		
Name		Title
Amanda Corcoran		Director of Education, Responsible Officer
Andrea Daubney		Assistant Director for Education, Accountable Officer
Sharon Gardner		Senior School Quality Assurance Officer
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Draft Report Issued	23 August 2022
Revised Draft Issued	26 September 2022
Further Revised Draft Issued	8 November 2022
Final Report Issued	21 November 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over school's compliance with the Safer Recruitment Policy for Schools.	Limited	Medium

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
The Safer Recruitment policy should be updated on an annual basis to reflect changes to national guidance.	Significant	< 6 Months	Complete
The Senior Schools Quality Assurance Officer with responsibility for leading on safer recruitment should develop a mechanism to seek assurance over safer recruitment.	Significant	< 6 Months	31 May 2023
The SSQA for each school where a limited opinion has been identified should follow up with management progress made in addressing the issues identified in this report.	Significant	< 6 Months	Complete

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1 All schools are expected to create and maintain a safe and supportive environment for all pupils, staff and others within the school and are expected to have safe and fair recruitment and selection arrangements for all staff and volunteers.
- 1.2 Safer recruitment requirements for schools are set out in the statutory Department for Education DfE guidance 'Keeping Children Safe in Education' (KCSIE) issued in 2021. Manchester City Council have a "Safer Recruitment policy for Schools". All maintained Manchester schools are expected to adopt the policy and ensure they comply with these requirements and retain records to demonstrate the safer recruitment practices.
- 1.3 Schools are responsible for maintaining safer recruitment arrangements, which are vitally important in creating a safe culture and reinforcing the safeguarding and well-being of children. Given the importance of safer recruitment arrangements and the safeguarding risks that could arise if these arrangements are not robust, we agreed with management to complete a thematic audit of compliance with the safer recruitment policy and guidelines.
- 1.4 Schools selected for this audit were a mixture of schools where SSQAs had identified existing concerns and the remainder were randomly selected with no existing concerns.

2. Conclusion and Opinion

- 2.1. We can provide limited assurance over school's general compliance with the Safer Recruitment Policy at this stage. We are unable to provide higher assurance due to seven out of 10 schools visited where we were only able to provide limited assurance, based on our findings and frequency of non-compliance.
- 2.2. We made several significant or higher risk recommendations for improvement where we found control weaknesses at the schools visited, including the examples described below: -
 - Mismatch between dates of source documentation and the Single Central Record (SCR).
 - Instances where two independent job references had not been obtained.
 - Overseas checks not being carried out where required.
 - No evidence of a consistent shortlisting and interview process.
 - Employees missing from the SCR.
 - No evidence of Qualified Teacher status for teachers.
 - Disclosure and Barring Service (DBS) short reports not being retained.
- 2.3. These common themes suggest there are some areas across Schools where there are gaps in knowledge in terms of requirements for safer recruitment.
- 2.4. We therefore consider that further support and guidance from the Local Authority is needed to re-emphasise the compliance requirements in these areas and ensure consistent application across all schools.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. The City Council share regular briefings and reminders about safer recruitment with all schools.
- 3.2. The City Council require all schools to complete an annual safeguarding audit which includes safer recruitment.
- 3.3. The Safeguarding in Education team, which sits within the Schools Quality Assurance team, has a safer recruitment training offer for all schools to access since April 22.
- 3.4. Most schools visited were renewing the DBS checks every 3 years; this is considered good practice and is not mandatory.

Key Areas for Development

- 3.5. The Council's safer recruitment policy hasn't been updated since 2019 and therefore a number of Local Authority Maintained schools have developed their own procedures or are using ones provided by One Education. This can result in a lack of consistency of approach between schools. This policy should be updated and shared with all Local Authority maintained schools.
- 3.6. We identified one school where the DBS checks had not been renewed since 2018, on discussion with the school they were not aware it was good practice to renew every 3 years.
- 3.7. All schools visited did not maintain shortlisting and interview documentation, therefore we were unable to check there was consistency between the shortlisting and interview process, or that the person(s) undertaking the interview were safer recruitment trained.
- 3.8. At eight of the schools visited we identified that there were issues with references. This included there being insufficient references or references from the same employer therefore not giving a broader view.
- 3.9. At seven of the schools visited we identified differences between the source documentation in HR files and the SCR and in two schools we found staff to be missing from the SCR.
- 3.10. In four schools there were instances where evidence was not retained demonstrating a teacher had qualified teacher status as no certificate was on file nor was there any check of the Government website demonstrating they had QTS status.
- 3.11. For two schools some of the applicants tested should have been subject to overseas checks based on work history but in some instances, there was no evidence of these checks being completed. One Business Manager advised they weren't aware that overseas checks were to be carried out.

REF C = Abraham Moss School - Financial Health Check**Internal Audit Report 2022/23****Children's and Education Services****Financial Health Check Abraham Moss**

Distribution - This report is confidential for the following recipients	
Name	Title
Andrew Shakos	Executive Head Teacher
Fiaz Riasat	Interim Chair of Governors
The final report will also be issued to the following recipients	
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Tom Wilkinson	Deputy City Treasurer
Fiona Ledden	City Solicitor
Paul Marshall	Strategic Director, Children's, and Education Services
Amanda Corcoran	Director of Education & Skills
Andrea Daubney	Assistant Director for Education, Accountable Officer
Anne Summerfield	Directorate Finance Lead -Schools and Education
Simon Livesey	External Audit (Mazars)

Report Authors		
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Deputy Head of Audit & Risk Management	Richard Thomas	0161 234 52732

Draft Report Issued	22 September 2022
Final Report Issued	7 November 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance to the Governing Body and the Local Authority over the adequacy, application and effectiveness of financial control systems operating at your school.	Limited	Medium

Sub objectives that contribute to overall opinion	Assurance
Allocation of financial roles and responsibilities.	Reasonable
Long term financial planning, budget approval and monitoring and recovery planning.	Limited
Key financial reconciliations.	Limited
Expenditure, specifically purchasing and payroll.	Limited
Income collection and recording.	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
The Executive Head Teacher should ensure that bank reconciliations are fully completed monthly and that records supporting the reconciliation are retained. The reconciliation should include a copy of unreconciled items report with evidence of review of these items. The full reconciliation should be signed by the preparer (usually the School Business Director SBD) and should be reviewed independently (ideally by the Executive Head Teacher) and signed as such.	Critical	3 Months	October 2022
The Executive Head Teacher should remind staff of the need to comply with the Financial Regulations and Scheme of Delegation in obtaining quotations for all purchases over £2000 unless pre-agreed exemptions apply. For higher value purchases (usually those above £30,000)	Critical	3 Months	November 2022

the agreed tendering process should be followed unless exemptions apply.			
<p>The Executive Head Teacher should review and revise arrangements for use of the school debit card with a view to:</p> <ul style="list-style-type: none"> • reducing use of the card to below the current monthly limit, • ensuring individual transactions are below the agreed maximum transaction limit, • directing staff to use core purchasing procedures whenever possible, and • strengthening access controls to the debit card through the introduction of a safe log. 	Critical	3 Months	<p>Online banking December 2022</p> <p>BACS January 2023</p>
<p>The Executive Head Teacher should ensure that the practice of accepting dinner money cash outside of the revaluation machine system is stopped immediately. If there is a need to accept cash in specific circumstances, arrangements should be developed to ensure receipts are issued for this cash and that these receipts are reconciled back to the monies banked.</p> <p>The Executive Head Teacher should also promote the use of Parent Pay to reduce the risks associated with cash handling.</p>	Critical	3 Months	October 2022
The Executive Head Teacher should ensure that controls over the use of petty cash are strengthened to ensure that monies are tracked and supported by appropriate documentation from the point of withdrawal from the bank to payment to individuals and that regular reconciliations of petty cash records are completed. The financial management system should be used to record and monitor petty cash activity.	Critical	3 Months	January 2023
The Executive Head Teacher should remind staff of the need to comply with the Scheme of Financial Delegation and procedures and Financial Regulations in all purchasing activity.	Significant	6 Months	February 2023
The Executive Head Teacher should update the Scheme of Delegation and Financial Control to ensure they fully detail	Significant	6 Months	February 2023

the delegations and procedures for all key financial controls.			
The Executive Head Teacher should extend the School Development Plan to a three-year plan with priorities clearly identified and budget implications included.	Significant	6 Months	Due to the school's context, no intention presently to move to 3-year development plan.
The Executive Head Teacher should ensure that he is fully involved in the budget setting process for the 2022/23 financial year budget. The Governing Body timetable should also be revised to ensure that the budget is presented to and approved by the Full Governing Body prior to its submission to the Local Authority. The Governing Body should review, challenge, and authorise the budget rather than ratifying the Resource Committee decisions for future years and the timetable should also ensure timely submission to the Local Authority.	Significant	6 Months	Budget has already been set by the Governors Resources Committee. As a maintained school, we follow a financial year, not a school year.
<p>The Executive Head Teacher should ensure that the Governing Body timetable includes quarterly budget updates, this can be actioned by presenting them with the same financial information presented to the Resource committee.</p> <p>The Executive Head Teacher should also ensure that he has at least monthly budget monitoring meetings with the new School Business Director (or equivalent) and that all budget holders are provided with monthly budget monitoring reports for their area of responsibility.</p>	Significant	6 Months	Resource Committee reporting already included in LGB meetings.
The Executive Head Teacher should strengthen arrangements for completion of Payroll reconciliations to ensure that they are completed and signed and dated as such by the School Business Director and are then independently reviewed at a Head Teacher level and signed and dated as such.	Significant	6 Months	January 2023
The Executive Head Teacher should develop a Lettings Policy to set out the	Significant	6 Months	Once the future of the school is

school's approach to lettings. This should include the types of lettings, charges etc. This should be supported by procedures for the administration and management of the lettings process.			determined, i.e., 'academisation', this will be addressed.
The Executive Head Teacher should remind finance staff of the need to bank cash on a regular basis and not to retain it for long periods in the safe. Cash should always be dual counted at any stage where it is passed between staff and evidenced as such. For income such as breakfast club, a register should be maintained of the children in attendance, and this reconciled to the monies received.	Significant	6 Months	January 2023

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1. The 2021/22 Internal Audit plan included an allocation of time to complete financial health checks at a sample of Local Authority maintained schools. Abraham Moss was selected as part of this programme of audits, due to elapsed time since the last audit review and the history of a number of incidents at the school.

2. Conclusion and Opinion

- 2.1. We are able to provide **Limited** assurance at this stage over the adequacy, application and effectiveness of financial control systems operating at the school. This is due to the number of critical and significant risk recommendations made in the report (five critical and eight significant).
- 2.2. We have particular concerns over the lack of documentation retained to support completion of bank reconciliations, a lack of compliance with the requirements to obtain quotations and demonstrate value for money in procurement activity and excessive use of the school debit card. We also remain concerned about gaps in control over use of cash at the school, both in making cash payments via the petty cash system and receipt of ad hoc cash income administered outside of the revaluation machine process. More detail is provided on these issues plus further significant and moderate risk recommendations in Appendix 1.
- 2.3. Given the School Business Director finished his employment at the school at the end of the last summer term and has yet to be replaced we have directed the recommendations for improvement at the Executive Head Teacher to lead on implementation. However, we would expect that once a new senior finance officer is in post that this individual would assume responsibility for leading on the implementation of recommendations.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. The Scheme of Delegation sets out clear separation of duties in the allocation of financial roles and responsibilities.
- 3.2. There is regular detailed financial reporting to the Resource Committee and evidence of challenge and questioning from Resource Committee Members.
- 3.3. There are two debit cards in use at the school in the names of the Finance Assistants. Transactions are reconciled by the School Business Director which ensures adequate segregation of duties is built into the process.
- 3.4. Testing showed that new staff starters were set up on payroll correctly and in a timely fashion and leavers were removed promptly.
- 3.5. Safe access was appropriately restricted, and access was via a keypad entry so there was no requirement for the safe retention of room keys.

Key Areas for Development

3.6. We have made five critical, eight significant and one moderate recommendations in total to help improve financial controls across the school. The critical and significant risk recommendations specifically relating to the following issues:

- For all purchases over £2,000 (except where a legitimate exemption applies) three quotations should be obtained or an appropriate tendering completed for purchases above £30,000.
- The Scheme of Financial Delegation and Financial Control should be updated to cover all key financial systems and controls.
- The Governing Body should receive and approve the school budget prior to submission to the Local Authority and this should be evidenced as such.
- The school development plan should be a three-year plan with budgetary implications for the priorities identified.
- Bank reconciliations should be fully completed monthly and retained, including the unreconciled items report. The reconciliation should be signed as completed and should be reviewed independently (ideally the Executive Head Teacher) and signed as such.
- Payroll reconciliations should be completed and independently reviewed following completion. Records should be signed and dated as evidence of completion and review.
- Purchasing controls should be improved to ensure compliance with the Financial Regulations and Scheme of Delegation and Financial Control document for all purchases. In particular purchases must be approved in advance of the purchase being made with the supplier, all suppliers should be paid within 30 days unless there is a dispute with regards to the order and cheque signatories should sign the remittance in order to demonstrate who has authorised the cheques for payment.
- Use of the debit card should be reduced to below the current monthly limit for debit card usage. Individual transactions should be kept below the agreed maximum transaction limit with staff being directed to follow the core purchasing process wherever possible.
- No cash should be accepted within the catering department apart from that received through the revaluation machines unless in exceptional circumstances. Any cash received should be supported by receipts and banked separately to monies from the revaluation machines.
- As lettings are expected to restart in September there needs to be an appropriate lettings policy in place.
- Petty cash controls must be introduced and should include the requirement to record and monitor petty cash on the Financial Management system including petty cash held and details of individual claims. Documentation supporting individual claims including advanced authorisation should also be retained

with reconciliation of electronic records to these individual claims and actual cash held being completed periodically.

- Banking of cash should be completed in a timely fashion. Testing identified delays in the banking of a range of income, some dating back to November 2021.

REF D = Follow Up St Bernard's Primary School**Internal Audit Report 2022/23****School Financial Health Check: Follow Up St Bernard's Primary School**

Distribution - This report is confidential for the following recipients	
Claire Breeze	Head Teacher, Responsible Officer
Patricia Jones	Chair of Governors, Accountable Officer
Councillor Bridges	Executive Member for Children and Schools
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Tom Wilkinson	Deputy City Treasurer
Fiona Ledden	City Solicitor
Paul Marshall	Strategic Director, Children's, and Education Services
Amanda Corcoran	Director of Education & Skills
Anne Summerfield	Directorate Finance Lead -Schools and Education
Simon Livesey	External Audit (Mazars)

Report Author		
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Lead Auditor	Emma Maddocks	234 5369
Deputy Head of Internal Audit and Risk Management	Richard Thomas	455 1019

Report Issued	18 January 2023
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Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of St Bernard's Primary School issued 19 April 2021.	Partially Implemented

Audit Summary

- 1.1. Internal audit reviewed financial controls at the school in April 2021 and concluded a limited assurance opinion, making several significant recommendations and one critical recommendation to improve the control environment.
- 1.2. We had planned a follow audit in July 2022 to assess progress made in implementing recommendations and requested supporting evidence from the school. However, management at the school made contact to inform us they had resourcing issues and were unable to provide an update or evidence of implementation of the audit recommendations. Therefore, we reviewed the school's position via a rescheduled follow up visit in November 2022; this report summarises our findings.
- 1.3. The school has not had a Business Manager working operationally since January 2022; the previous manager had a long period of sickness absence before resigning from their post. The school are struggling to appoint a new Business Manager, having had one recruitment exercise for which they had insufficient applicants, they are now in the middle of a subsequent recruitment exercise. The Admissions Officer is currently undertaking some of the key duties of the Business Manager with the support of the Budget Support Officer.

2. Conclusion and Opinion

- 2.1 The overall exposure to risk has been reduced with progress being made in implementing or at least partially implementing six of the eight recommendations made in the original report. The confirmed status of critical and significant recommendations are detailed in Appendix 1. Progress has been made for four recommendations as follows;
 - Two recommendations (significant risk) have been fully implemented.
 - Progress has been made towards implementing four further recommendations (one critical and three significant).
- 2.2 The key actions that still need to be addressed are as follows:
 - Further develop Financial Procedures, specifically in relation to the process for budget virements, updated authorised specimen signatures and income procedures.
 - Introduce regular budget monitoring meetings with the Head Teacher and ensure records are retained of key actions from these meetings.
 - Ensure that bank reconciliations are signed and dated as evidence of completion and review.

- Ensure that the purchasing procedures are adhered to, particularly focusing on reducing the frequency of non-orders (not raising official orders for good and services).
 - Ensure that quotations and tenders are obtained for all purchases over £2,000 and retain evidence of all quotations obtained alongside supporting purchasing documentation as evidence of value for money being sought. Also retain evidence of the decision making in choosing the appointed supplier.
 - Review arrangements for using the school's bank charge card; ensuring the card is in the name of the individual who makes purchases. Only the charge card holder should use the card.
- 2.3. The explanation of recommendation prioritisation and follow up assurance is attached at Appendix 2.
- 2.4. We have agreed with the Head Teacher to complete further follow up work in January 2023 with a view to obtaining sufficient evidence to close the remaining recommendations as fully implemented.

REF E = Adult Care Package Payments**Internal Audit Report 2022/23****Adult Social Care****Adults Care Package Payments****Distribution - This report is confidential for the following recipients**

Name	Title
Sarah Broad	Deputy Director Adults Social Care, Responsible Officer
Bernie Enright	Executive Director Adult Social Services, Accountable Officer
Simon Finch	Head of Finance, Adults Social Care and Public Health
Helen Wright	Directorate Finance Lead
Lesley Hilton-Duncan	Head of Manchester Control Room, ASC Commissioning and Contracting
Councillor Robinson	Executive Member for Healthy Manchester and Adult Social Care
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Tom Wilkinson	Deputy City Treasurer
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Report Authors

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Draft Report Issued	20 October 2022
Final Report Issued	9 December 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance that there is an effective strategy to address the reconciliation of CPLI's and Invoices to prevent a build-up of unprocessed invoices occurring	Limited	Medium

Sub objectives that contribute to overall opinion	Assurance
Plans have been established to manage the required changes and are regularly updated and reported	Reasonable
Appropriate actions are ongoing to identify and address unreconciled invoices.	Limited
Arrangements are in place to identify and monitor the success of the revised model in preventing unpaid invoices	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
The Deputy Director (Adult Social Care) should identify and agree service standards for each activity in the payments process, from creation of CPLI's to Invoice reconciliation.	Significant	6 months	30 June 2023
The Deputy Director (Adult Social Care) should lead in the production of integrated guidance for the CPLI to payment processes.	Significant	6 Months	30 June 2023
The Deputy Director (Adult Social Care) should identify what management information could be produced to monitor and support processes.	Significant	6 Months	30 June 2023

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1. The integrated Liquid Logic Adults System (LAS) and its associated payment administration system (ContrOCC) went live in 2019. By the end of 2021 the value of unmatched invoices (where payments to providers hadn't been made as the Invoice and Care Package Line Item (CPLI) didn't reconcile) was over £1.6M. Capacity and resources were initially put into addressing these unmatched invoices and the total was reduced to £750K by a dedicated resolver team.
- 1.2. To prevent these backlogs reoccurring, plans were established to consider and, where necessary, change how the process from CPLI creation to reconciliation with invoices works. It was agreed with management that we would review this area to support these plans, including the expanded role of the brokerage team.

2. Conclusion and Opinion

- 2.1. We are only able to provide **limited** assurance over the effectiveness of the plans to address the reconciliation of CPLI's and Invoices to prevent a build-up of unprocessed invoices. In part this is because the unreconciled invoices balance has been steadily increasing since the resolver team finished its work (when it stood at £750K) and on 16 September stood at approximately £1.7M. However, there are other concerns that have contributed to this opinion, specifically the absence of integrated guidance and expected service standards, and a lack of management information available to identify where issues in the process are originating.
- 2.2. We support management's decision to focus on changes to enable a permanent solution to be embedded to prevent future build-ups occurring rather than a continuation of a resolver team with a dedicated purpose of addressing unreconciled items. However, this change of focus has resulted in an increase in unreconciled invoices as the resource to address these issues, through the resolver team, was reduced. Therefore, there needs to be a careful balance struck between identifying a permanent solution and continuing to respond to existing and emerging reconciliation issues.
- 2.3. There are also two other key issues which are impacting on the ability of the Council to address this issue - culture and capacity. Specifically:
 - The processes involved cover a number of distinct service areas within the Council across Social Care, Brokerage, Finance, Revenues and Benefits, and ICT, which have competing priorities and variable understanding of the totality of processes. For any long-term solution to be successful these areas need to have a common understanding of their, and each other's, role in supporting and implementing the solution.
 - There is a national, local and long-term shortage of Social Workers, particularly for adult social care. The number of officers in the brokerage team has been expanded due to the extra work needed to support their expanded role in Homecare, but any expansion to cover other areas will also require further resources. The Adults Payments Team (with an establishment of five officers) have been trying unsuccessfully for over a year to recruit to a vacant post.

- 2.4. The intrinsic nature of social care with a requirement for services to be changed to respond to circumstances and resident needs means we would never expect the unreconciled value to be zero. Citizens will always require ad hoc unplanned extra care to support fluctuations in their need, particularly in homecare, and the discharge to assess process means care will, by design, continue to be provided and costs incurred prior to formal assessment.
- 2.5. The recommendations made in the action plan below are currently addressed to the Deputy Director (Adult Social Care). This has been done in the absence of any project management structure, and any other identifiable lead officer below Deputy Director level to lead this work. Should the Deputy Director implement recommendation four and adopt a project management approach to the delivery of these changes we would expect an appointed Project Manager to be the named Lead Officer, with overall accountability for assuring that risks are addressed continuing to reside with the Deputy and Director.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. Our review of this area was requested by management, as they were well aware of issues regarding the failure to reconcile CPLI and invoices and that there needed to be changes in the process. Management have acknowledged that they need to review both the capacity and capabilities of the teams involved as well as the need to change the culture to reflect and support the integrated approach required.
- 3.2. Throughout our review and in meetings with various Council officers it is clear that there is a strong desire to address the issues, and that there has been significant progress made to start that journey. This work wasn't being project managed. Although a project plan was created at the end of 2021, this had not been updated since, and work was being progressed on a task by task basis. Actions already taken have included:
- Expanding the role of the brokerage team in relation to homecare.
 - Establishing a resolver team to review and reduce the backlog (and importantly understanding that this isn't a long-term solution).
 - Producing extensive information about which invoices have not reconciled.
 - Starting to review the roles and responsibilities of the teams involved.
 - Proposing changes to LAS to support social care staff in understanding the process.
 - Planned workshops to review the processes.
- 3.3. Although £1.7M is a significant amount this should be put in context. Firstly, the whole amount is not disputed and in most cases the issue is a variance (of approximately 12.5% based on totals) between invoice and CPLI, whilst the value of invoices without any CPLI is £305K. Secondly the payments team reconcile approximately £45-£50M of adults payments per year, as such the value of unreconciled invoices which cover a three-year period is less than 1.5% of the total value.

Key Areas for Development

- 3.4. LAS and ContrOCC has been designed as an integrated system with invoice payment being dependent upon the correct and timely CPLI being established. However, there are various teams in the Council which are involved in the process, and they fall within different management structures (eg Social Care, Finance, Revenue and Benefits, ICT)
- 3.5. There is no formal guidance to any of the teams (outside of the LAS / ContrOCC user guides) on how, operationally, they should work together. Although not every team needs the detailed instructions that other teams should have, there is a need for them to understand where they sit in the process and how their activity impacts upon other teams.
- 3.6. Without integrated guidance, as differing teams have differing priorities, it is understandable that there isn't an appreciation of the disproportionate impact that delays in one part of the process can have on the other parts. Both the Adult's Payment Team and the Brokerage Team advised that in their view timeliness of activity is the largest cause of invoices not reconciling. This in turn impacts on the amount of time and resource they are required to spend addressing problems caused by these delays.
- 3.7. Linked to this we also identified that there are currently no set service standards throughout the process. Given the number of different teams within the Council which are involved, and that they fall under different management structures, a clear set of service standards would enable all those involved to understand what is expected of them and what they can expect of others.
- 3.8. When invoices do not reconcile this is first identified within the Finance Team as this is where financial information is produced detailing which invoices have not reconciled. However, there is currently no structured and formal management information produced to identify any underlying causes of this failure to reconcile. Although the finance team identify the issue, it is possible that the causes of this could also sit with any of the other teams involved, Contracts, Social Care, Brokerage, Charging, ICT or with the providers themselves. Without sufficient detailed management information throughout the process, actions taken could be incorrectly targeted and as such may fail to address any underlying issues.
- 3.9. Whilst we accept the need to shift focus to finding long-term solutions to prevent mismatches there is still a need to address the £1.7M of invoices currently unreconciled. We undertook a person-centred analysis of the data using their LAS unique person identifier (See appendix 2 below). From this analysis it was clear that there was a relatively small cohort which disproportionately impact on the outstanding balance as well as contributing to the ongoing increases. Conversely, there was a large number of individuals with a small value amount of static unreconciled invoices, a cost benefit analysis would be a starting point to determine if it is financially worthwhile chasing these up.
- 3.10. We were made aware of instances where providers have changed care packages based on telephone conversations with social workers, where the CPLI is not subsequently updated. Whilst this should clearly not occur, and there is a clear

responsibility for Social Workers to appropriately update LAS, the providers are also beholden not to change the care provided without formal instruction to do so (via the commissioning document).

REF F = Vendor Create and Amend**Internal Audit Report 2022/23****Corporate Core, Finance (Exchequer Services)****Vendor Creation and Amendment****Distribution - This report is confidential for the following recipients**

Carol Culley	Deputy Chief Executive and City Treasurer, Accountable Officer
Tom Wilkinson	Deputy City Treasurer, Accountable Officer
Paul Hindle	Directorate Head of Finance, Responsible Officer
Vanda McKeon	Directorate Finance Lead
Rachel Kuehl	Exchequer Services Lead
Wendy Scott	Operations Manager, Exchequer Services

The final report will also be issued to the following recipients

Councillor Akbar	Executive Member
Joanne Roney	Chief Executive
Fiona Ledden	City Solicitor
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Report Authors

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Draft Report Issued	7 November 2022
Final Report Issued	16 November 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance that key controls over the vendor master file are adequately designed and operated as intended.	Limited	High

Sub objectives that contribute to overall opinion	Assurance
Policy and procedural guidance has been developed and made available to all relevant officers.	Limited
Management review of work undertaken is regular and comprehensive.	Reasonable
Arrangements have been established for the regular risk-based proactive review of vendor details held.	No
Access to amend vendor details is appropriately restricted.	Reasonable

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Development of a policy, procedures, and other associated guidance for the completion of vendor creation and amendment requests.	Critical	3 months	31/1/23
Agreement of arrangements for management review of vendor create and amend requests, to confirm compliance with procedure. This should include review of the validation of a request's legitimacy, as well as the accuracy of processing.	Significant	6 months	31/1/23
Agreement of arrangements for the regular review of the vendor master file in its entirety, to identify duplicate or unused vendors and block them from future use.	Significant	6 months	30/4/23

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1. The Vendor Master File (VMF) is a high-risk area for fraud and irregularities as it is used in the processing of purchase orders and commitments for goods and services, and for making related payments. Fraudsters will attempt to change bank account details surreptitiously to divert funds to their chosen destination, to steal money.
- 1.2. Accurate, complete, and reliable vendor data, along with effective systems of internal control regarding the creation of new vendors and amendment of existing details, can reduce the risk of fraud while contributing to the efficient processing of procurement and payment transactions.

2. Conclusion and Opinion

- 2.1. Overall, we can provide limited assurance over the creation and amendments of vendors on SAP. Our testing identified that there was a lack of consistency in the checks carried out before making changes to the VMF, and the evidence retained as an outcome of the checks. While there were standard forms to capture the required information, there were no documented policies or procedures in place outlining roles, responsibilities, and accountability of officers. In addition, we were concerned that some elements of agreed procedure could expose the Council to additional risk. For example, fewer checks were undertaken on amendment requests received from the vendor directly than on those received from Council staff on behalf of a vendor.
- 2.2. The Exchequer Services team had recognised the need to develop a standardised approach to checking requests and had sought support from Internal Audit in designing a checklist for staff to complete. Our feedback was provided in May 2022. However, there had been some delays in implementing the revised approach. We have agreed to meet with the team to reconfirm the requirement for a thorough and standardised approach in this area.
- 2.3. We noted a lack of effective management scrutiny in this area. While each vendor create request is reviewed individually before it is enacted, there is no accessible reporting of changes made. We also identified a high number of apparent duplicate bank account details recorded in the VMF. We were told that there was no regular review of duplicate vendor details or of unused vendors – however, maintaining high levels of active but unused vendor records exposes the team to additional workload, in relation to potential misdirected payments and in amending vendor details that may not be actively used in practice.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. We identified areas of good practice in the following areas:
 - Only authorised officers can create, amend, and validate vendor details in SAP, with the approval process requiring 100% of vendor creations to be independently verified before they become available for use. Testing

confirmed that there was segregation of duties and officers do not have access to raise purchase order requisitions or make payments.

- Checks to verify legitimacy of vendors involved independently sourcing contact details from the company website, to provide additional assurance over the source of the request.

Key Areas for Development

- 3.2. The lack of comprehensive policy, procedure or guidance in this area is a critical weakness and should be addressed at the earliest possible opportunity. Expectations should be clearly documented to support consistency, efficiency, and completeness of processing.
- 3.3. Alongside day-to-day processing, expectations should be documented for the regular review of the VMF in its entirety, to identify any duplicate or unused vendors and ensure these are blocked from future use.
- 3.4. In addition, arrangements for retention of supporting documentation should be agreed, including location of records and length of retention period. Also, SAP access to edit vendor details should be reviewed to ensure that this is appropriately restricted.

REF G = Adult Social Care – Contract Governance**Internal Audit Report 2022/23****Adult Social Care****Contract Governance****Distribution - This report is confidential for the following recipients**

Sarah Broad	Deputy Director Adult Social Services, Responsible Officer
Bernadette Enright	Executive Director Adult Social Services, Accountable Officer
Paul Bickerton	Performance and Quality Improvement Manager
James Probert	Head of Contracts (MLCO)
Dave Roberts	Market Management and Development Lead (MLCO)

The final report will also be issued to the following recipients

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Joanne Roney	Chief Executive
Fiona Ledden	City Solicitor
Carol Culley	Deputy Chief Executive and City Treasurer
Tom Wilkinson	Deputy City Treasurer
Simon Livesey	External Audit (Mazars)

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Head of Audit and Risk Management	Tom Powell	07956 317457

Draft Report Issued	01 November 2022
Final Report Issued	28 November 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over the framework in place for contract governance within Adult Social Care.	Limited	High

Sub objectives that contribute to overall opinion	Assurance
Contract governance structure.	Limited
Contract performance framework.	Reasonable
Contract compliance and control arrangements.	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Strengthening capacity within the Contracts Team to enable improvement actions to progress.	Significant	6 months	June 2023
Improved contract monitoring arrangements for non-quality aspects of ASC contracts.	Significant	6 months	September 2023

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1. Adult Social Care operates within an integrated health and social care system and delivery of this, including commissioning and contract management is managed within the Manchester Local Care Organisation (MLCO). Cross team working is essential, to ensure the ongoing delivery of a sufficient care provision across the City, with the Performance, Quality and Improvement; Contracts; and Market Management teams all contributing to this.
- 1.2. Although payments to providers is an important element of any contract, this has been excluded from this review as another audit was in the process of being completed to provide assurance over this.

2. Conclusion and Opinion

- 2.1. Overall, we are able to provide a limited assurance opinion over the framework in place for contract governance within Adult Social Care (ASC). Although we have seen robust arrangements in some areas, particularly in relation to the framework for providing assurance over the quality of care provision where our audit opinion is positive, there remain considerable gaps in some of the key areas of governance, risk, and control over ASC contracts.
- 2.2. We acknowledge the previous challenges experienced by the service resulting from NHS structural changes and changes in the delivery function, previously provided from within the former MHCC and therefore recognise that the service is on an improvement journey. Nonetheless, our work has identified gaps in assurance particularly around current available resource within the Contracts Team which is limiting the active progression of identified improvements. The reinstatement of existing capacity within the team that has recently been focused on reactive/Controcc work should help to build the improvements acknowledged by management as being required to strengthen the framework and governance around contracts.
- 2.3. A comprehensive, well embedded framework, delivered by the Performance, Quality and Improvement (PQI) team was operational which provided positive assurance over the monitoring of the quality of care provision by providers in line with the Council's statutory duties. Whilst this was positive, improvements are needed to the monitoring arrangements over aspects of the contract which fall outside of quality, for example social value, carbon reduction, financial resilience and KPIs (not related to quality). The recommendations we propose are intended to help focus management attention to address these aspects.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. The Contracts Team is a relatively new team and despite the areas for improvement mentioned later in the report, we acknowledge the improvement work done to date. This includes the development of a statement of particulars document to record key information and assurance relating to a contract, a comprehensive Standard Operating Policy (although this requires finalising and approving) and proactive contract pipeline planning to

streamline contracts. This momentum should be maintained, and we support the positive attitude to improvement and the willingness of officers to strengthen the overall control environment.

- 3.2 Our work confirmed that the PQI team and supporting infrastructure is well established and there were robust arrangements for monitoring provider performance with procedures well defined and communicated. A comprehensive quality dashboard was produced and reported regularly providing a good overview of the assurances over quality of care being provided.
- 3.3 In the event of provider concerns there were detailed procedures to allow officers to follow the correct course of action. Throughout a review of key policy, procedural and flow chart documents there was a strong emphasis on cross partner working and collaborative working. This was also reflected through our discussions with key officers regarding recent examples and they considered this an area of strength.
- 3.4 There was a strong awareness of the current risks facing the service including labour market issues and workforce development. Active work was being progressed to mitigate these risks which included a recruitment fair to attract new people to work in the sector and engagement with staff to identify development priorities. Following this, workforce development was identified as a key priority and work on this is being taken forward by the ASC Workforce Development Group.
- 3.5 Whilst not yet operational, work has been undertaken to define the areas to be covered as part of supplier contract review and utilisation meetings which will have a focus on the following 7 key aspects:
 - Service compliance
 - Data quality
 - KPI performance
 - Quality and safety
 - Finance
 - Capacity and demand
 - Contract governance

Once meetings become operational, through coverage of the areas identified above, a more comprehensive view of contractor performance can be determined, and we support the timely commencement of such meetings with providers.

Key Areas for Development

- 3.6 Through our discussions it was evident that management have identified several improvement areas centred around the Contracts Team which should help to improve the governance and controls over ASC contracts. These include greater development of a contracts register (with transfer to the corporate contract management system once rolled out) assignment of contract leads, the implementation of supplier management methodology and the finalisation of the Standard Operating Policy for the team. We understand that this planned work has not progressed at the desired pace due to capacity issues within the team which is exacerbated by the volume of reactive work being undertaken. This included resolving provider payment issues and associated data quality issues in Controcc and the creation of contracts for new services. As such, minimal progress has been made to implement the desired improvements.
- 3.7 Further to this, although lots of planned improvement actions were described to us these were not formally documented in a single, unified plan with timescales for completion to allow for progress to be tracked more easily. This would also help to provide a comprehensive record of planned improvements and ensure alignment of resource where required and enable early warnings of progress delays or issues in areas of slippage.
- 3.8 Given the previous changes experienced by the teams the reinforcement of the distinctive responsibilities of each team (PQI and Contracts Teams) would be beneficial to ensure there is greater clarity over those areas where there remains some ambiguity. This will help to ensure that all responsibilities are discharged effectively and will reduce duplication and even some areas being missed.
- 3.9 Whilst the framework for monitoring the quality of care provided was well established there were some areas of contract management which were not as developed therefore presenting a gap in assurance. For example, social value including carbon reduction monitoring activity was not currently given the focus needed to provide assurance that the Council is receiving the benefits/impact resulting from commitments made in provider contracts. This was recognised by management as being an area where greater emphasis was needed and given the increased corporate weighting given to social value and environmental aspects a better grip of this is needed to demonstrate the same focus is being given to this area as other Council directorates. This should form part of the discussions to be held with providers as part of the supplier contract review and utilisation meetings once operational.
- 3.10 Management recognised that controls over the financial resilience of providers were more robust at tender stage than throughout the contract term. Mechanisms for gaining assurance over the continued financial resilience of providers therefore requires strengthening to ensure there are suitable systems for the review of this on an ongoing basis throughout the term of the contract. This is particularly pertinent given the current risks faced by the care market. If this is the responsibility of the Contracts Team a sufficient and

sustainable resource is needed to ensure this is achievable. The framework developed by the Due Diligence Working Group could be used to progress this.

- 3.11 Dashboard reporting for the work of the PQI team was in place although this had yet to be developed for the Contracts Team. Thought should be given to the establishment of reporting mechanisms to allow for regular activity reporting to provide assurance over those quantitative (not qualitative) contract management elements covered by the Contracts Team, this could be further enhanced through the development of KPIs.

REF H = Social Value Monitoring**Internal Audit Report 2022/23****Core – Integrated Commissioning and Procurement****Social Value Monitoring**

Distribution - This report is confidential for the following recipients	
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Draft Report Issued	20 September 2022
Final Report Issued	12 October 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over current social value monitoring activity.	Reasonable	Medium

Sub objectives that contribute to overall opinion	Assurance
Processes are in place following contract award for the recording, monitoring, and management of social value in kind commitments.	Reasonable
There are suitable governance arrangements over the Social Value Fund.	Reasonable
There are appropriate systems for measuring and reporting on the overall impact of social value benefits.	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Priority action to ensure the use of banked hours accumulated through the Small Works Framework.	Significant	6 months	31 March 2023

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

1. Audit Summary

- 1.1 Social value is a key priority of the Council as demonstrated by its impact throughout the last 10 years, being at the forefront of this agenda; generating social value through procurement and playing a part in its wider influence on organisations across the City. The Council has set out its commitment to seeking social value in all contracts and it is part of the evaluation criteria in every tender process with a minimum 20% weighting.
- 1.2 We have previously undertaken several reviews in this area including the developing framework for social value, and subsequently assurance over the application of the Council framework for the achievement of social value priorities. More recently we reviewed arrangements to support carbon reduction through procurement. This review focused on the arrangements post contract award to determine the monitoring activity being undertaken, administration of the social value fund and outcome measurement and reporting. We consider achieving social value through procurement to have a medium business impact.

2. Conclusion and Opinion

- 2.1 Overall, we can provide a reasonable assurance opinion over current social value monitoring activity across Council directorates. The embedding of social value as a key corporate priority is continuing to develop and we recognise this has progressed in comparison with Internal Audit's earlier reviews of this subject. However, sample testing highlighted that the extent of monitoring and challenge of social value outcomes continues to vary across services and directorates and work is needed to bring some services up to the expected corporate standard.
- 2.2 Governance of the social value fund and use of banked hours are both areas which require further focus to ensure the Council maximises the social value contributions made by contractors to benefit our residents and communities. Strengthened records over committed and received contributions and decision making behind use of the fund/banked hours will help to provide assurance that the Council has received all contributions due and improve transparency over the use of contractor contributions.
- 2.3 We were unable to determine a portfolio wide position in terms of social value benefits and outcomes received to date. Whilst we understand the planned contract management system should help with this, it is important that this area is progressed as a priority. Particularly given the additional 10% weighting introduced for environmental elements where the reporting of benefits will be key and will lead to being able to better demonstrate the value realised from Council contracts.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1 The Council refreshed the Social Value Policy in 2021 to take account of the effect of the pandemic and to update the priority cohorts to include those disproportionately affected. These included the over 50s who have suffered economic hardship and black and minority residents who endure disproportionate health impacts. Further to this a significant change was the rolling out of the 10% tender evaluation weighting in relation to climate change and the environment to assist in the achievement of the corporate aim to be carbon zero by 2038.
- 3.2 Collaborative work with the Centre for Local Economic Strategies (CLES) continued which facilitates the delivery of best practice including annual surveys of suppliers to explore the extent to which they are delivering social value outputs and the delivery of an annual social value event bringing together procurement practitioners, wider council officers, suppliers and the voluntary, community and social enterprise sector.
- 3.3 The procurement of the new contract management system is progressing and should help to provide a portfolio wide position of skills and employment opportunities created amongst other benefits and outcomes achieved as a result of our contracts. The expected date for Council wide implementation is November 2022.
- 3.4 There was regular reporting to scrutiny committees on social value including as recently as September 2022 to the Economy Scrutiny Committee. An update was provided on how the Council's Social Value Policy is being used to contribute economically to Manchester's ambition to be zero carbon by 2038, supporting green jobs and skills. Whilst this had more of a focus on the environmental aspect and issues associated with the green skills agenda there was a recognition that this overlaps with social value.
- 3.5 The report reiterated some key messages; from a procurement perspective the Council looks to drive social value through both its specification for what it is looking for and by asking bidders to demonstrate what further social value they can provide, Integrated Commissioning and Procurement is implementing new systems to make better use of contract pipelines to provide more opportunity to target specific types of contract, collaborative working with authorities across Greater Manchester to harmonise social value measures whilst retaining flexibility for measures in relation to local priorities.
- 3.6 To inform our review we requested evidence of social value monitoring activity from a range of services covering all directorates. We reviewed some good examples of monitoring activity where this was clearly embedded within the contract management arrangements. These examples provided assurance that social value commitments made in tenders were being monitored regularly and there were robust records to support monitoring activity.

Key Areas for Development

- 3.7 The Council had a Social Value Governance Board (SVGB) which was due to meet quarterly and from a review of previous minutes from 2021 had been involved in receiving social value updates from various services, reports from CLES and discussions around the Social Value Fund. The Board however, had not met frequently during the last 12 months. We understand following changes to the Executive Member portfolios, key officers met with the new Executive Member to rationalise the SVGB and this identified a need to reconstitute the purpose and priorities of the group through an updated Terms of Reference. As the main strategic group with a focus to drive the corporate social value agenda and responsibility for approving use of the fund, it is important that this meets on a regular basis to provide ongoing direction to ensure that sufficient focus is being given to this area. We did note however that the subgroup met in April 2022 to discuss the future of social value although we did not see any minutes or the outcome of the discussion of this meeting.
- 3.8 Social value offers for some contracts consisted of a monetary contribution to the social value fund, usually a percentage of the contract value. Although it was the responsibility of the contract manager to ensure timely payment of the contribution from the contractor there was no central assurance or oversight to ensure the timely receipt of monies due. Due to the lack of records maintained we were unable to determine the amount of social value expected to compare against the amount received. This therefore limits the assurance over the contributions received and prevents officers from being able to easily identify contracts where contributions have yet to be made allowing for these to be chased up.
- 3.9 The SVGB subgroup received and discussed a paper on a proposed process for the allocation of the social value fund and construction banked hours (November 2021). The group agreed that the fund should not be subject to a bidding process but should be allocated to support the Council's social value priorities such as; digital inclusion, skills into work, community assets, climate change and year of the child. This also confirmed that sign off would still be required by the Board which would also need to see a pipeline of projects. Record keeping of such approval and the rationale to support the use of the fund will need to be improved to ensure greater transparency over use of contributions.
- 3.10 Upon tendering the small works framework several years ago, a banked hours approach for receiving social value contributions was adopted rather than requesting social value in kind offers from contractors. However, our discussions with officers working closely on the framework explained there had been numerous challenges with this approach and this was unlikely to continue beyond this framework. Challenges included a lack of clarity over the responsibilities of the various parties in the delivery of banked hours work. The framework is due to expire in 2023 and there were approximately 800

banked hours to be redeemed, priority action is therefore needed to ensure this is used ahead of this timescale.

- 3.11 Audit sample testing of social value monitoring activity showed inconsistencies in approach and there were some services/areas of the Council where monitoring activity was below corporate expectations. In such cases, a more distinct focus should be given to social value and the frequency and degree of monitoring increased whilst maintaining a robust evidence trail of monitoring and outcomes. There was recognition from some of these services of the need to improve processes around social value monitoring activity indicating they were aware of the increasing importance attached to this. Some services may benefit initially from some further bespoke support from ICP colleagues/ colleagues from across the Council where social value monitoring is more mature and further developed. This may help to bring those areas up to corporate standards and expectations.
- 3.12 Overall social value outcomes and benefits realised from Council contracts were not reported on periodically. Whilst we did see some evidence of the evaluation of social value impacts, this was not widespread and to the extent we could expect given the profile, and priority assigned to his area. We accept that the roll out of the new contract management system should facilitate this but until this is fully embedded, this does present a gap in assurance.

REF I = Damp and Mould in the Private Rented Sector**Internal Audit Report 2022/23****Neighbourhoods - Housing Compliance and Enforcement****Damp and Mould in the Private Rented Sector****Distribution - This report is confidential for the following recipients**

Name	Title
Fiona Sharkey	Head of Compliance Enforcement and Community Safety, Responsible Officer
Neil Fairlamb	Strategic Director Neighbourhoods, Accountable Officer
Angela Whitehead	Strategic Lead (Compliance & Enforcement)
Emma Broadbent	Compliance and Enforcement Specialist
Councillor White	Executive Member for Housing & Development
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
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Report Authors

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Draft Report Issued	1 February 2023
Final Report Issued	3 March 2023

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance that the compliance and enforcement team have arrangements in place to identify and address risks relating to damp and mould issues affecting the private rented sector.	Reasonable	Medium

Sub objectives that contribute to overall opinion	Assurance
Roles, responsibilities and expectations are clearly defined and understood	Substantial
There are established processes for identifying and assessing damp and mould issues and the existence of category 1 and 2 damp and mould hazards through requests for service, complaints and proactive inspections	Reasonable
There is an appropriate course of action to remedy and resolve issues and hazards including appropriate escalation, in line with the corporate enforcement policy	Reasonable
Appropriate management information is produced to support case and performance management and inform decision making	Reasonable

Key Action (Appendix 1)	Risk	Priority	Planned Action Date
The Housing Compliance and Enforcement Team Manager should review the process (in particular triage and case closure) to ensure that it fully supports vulnerable residents and those who may struggle to comply with the usual procedures.	Significant	6 months	31 August 2023

Assurance Impact on Key Systems of Governance, Risk and Control		
Finance	Strategy and Planning	Resources
Information	Performance	Risk
People	Procurement	Statutory Duty

4. Audit Summary

- 1.5 In December 2020 two-year-old Awaab Ishak tragically died as a result of prolonged exposure to mould in his housing association flat. The coroner verdict in November 2022 has focused attention on prioritising the improvement of housing conditions for private and social tenants. This audit aims to review the housing compliance and enforcement team's approach to damp and mould issues in private rented homes. We consider this area to have a medium business impact.
- 1.6 The Department for Levelling Up, Housing and Communities aims to ensure the private rented sector is fair for tenants. It sets the overall policy and regulatory framework by legislating and creating policies used to regulate the sector. Local authorities are responsible for regulating their local rental markets and ensuring landlords comply with legal obligations. The Homes (Fitness for Human Habitation) Act 2018 requires private sector landlords in England to ensure their properties are fit for human habitation at the beginning of the tenancy and throughout. This audit sought assurance as to how these Local Authority duties have been discharged, with a specific focus on damp and mould.

5. Conclusion and Opinion

- 5.1. We can give **reasonable** assurance over the arrangements in place to identify and address risks relating to damp and mould issues affecting the private rented sector.
- 5.2. The service deals with large numbers of complaints / Requests for Service (RFS), as well as House in Multiple Occupation (HMO) and Selective Licence (SL) applications; and the associated property inspections. There were numerous areas of good practice found, with clear and up to date procedures and guidance on the various aspects of the complaints and enforcement process and fully trained staff who conducted Housing Health and Safety Rating System (HHSRS) inspections to identify damp and mould hazards, taking appropriate enforcement action when these were found. The approach was clear, and cases tested were easy to follow with all expected documents / enforcement action attached on the Flare case management system.
- 5.3. We were unable to provide substantial assurance at this time predominantly due to risks that exist with vulnerable tenants, in particular those who may find it difficult to engage with the Council. We acknowledge that high case volumes and resource capacity have defined the current process, whereby cases are triaged and closed if tenants fail to provide the necessary detail, to follow up their case or to respond to a letter advising that the case will be closed if there is no further contact. This is not reported as a conformance issue, however there is a risk that cases could be closed without positive confirmation being received that the problems relating to poor living conditions have been suitably resolved and these practices should be reviewed.
- 5.4. We have made one significant and three moderate recommendations to enhance levels of control and ensure that the potential risks are mitigated.

6. Summary of Findings

Key Areas of Strength and Positive Compliance

- 6.1. There is a team structure in place with defined work areas that enabled prompt response to the high volumes of RFS and licence applications. There were no reported backlogs in work (although proactive work takes a back seat during busy periods). Staff are qualified and trained to undertake HHSRS inspections effectively and joint inspections are carried out to ensure expertise is shared.
- 6.2. There are clear and up to date procedures and guidance on the various aspects of the process, including a Flare investigation flow chart, dealing with RFS, Triage, serving notices etc. These identify when HHSRS inspections that identify damp and mould should be carried out, and the appropriate enforcement options and approach. Vulnerabilities including the presence of young children and poor health of tenants living in a property are captured at the point of complaint. Standard documents are used alongside Flare templates to enable staff to follow procedures.
- 6.3. Our sample testing of 23 RFS found that 100% contained the expected detail and documentation to be able to follow progress, first response dates were accurate and met, notice of entries and detail of the visits were on file (where expected), relevant enforcement action was linked to RFS, and improvement notices specified the corrective action required. We saw damp and mould issues being resolved through both informal and formal action and examples of officers exceeding expectations in some areas.
- 6.4. Proactive work is undertaken to identify homes that may be at risk of developing problems rather than waiting for their residents to report issues. This included walkabouts, multi-agency action days, rogue landlord spreadsheet and recent work with Manchester communication academy.
- 6.5. There was a variety of reporting undertaken, including a new Community Safety Compliance and Enforcement dashboard that identifies 1st targets met, average time to close cases, RFS received and closed, MAU opened and closed, average days to close and splits down by geographical area. A data quality report picks up premises not linked, with no ward, no case closure code (x code) but not closed on front screen, and notices not followed up after 3 months. The licensing teams undertake monthly reports on licenced properties, suspect cases, compliance inspections and outcomes (fully, broadly, and non-compliant). There has been a restructure within the compliance support team to address resource issues and improve management reporting. Team managers also run Flare reports to support performance monitoring in one to ones, booked in approximately every 6 weeks.

Key Areas for Development

- 6.6. We identified a risk that the triage and case closure processes may not sufficiently support some vulnerable residents and could result in housing issues not being addressed. We saw examples that had technically complied with procedures but where landlords were not contacted, or cases not triaged due to full evidence (e.g. photographs) not being provided. In some cases this was exacerbated by insufficient / incorrect contact details being provided by the contact centre. We were told that the current processes were defined when the new Neighbourhoods structure was put in place and the Target Operating Model was based around the need to reduce demand and to build resilience in customers and businesses, so they have less reliance on Council services.
- 6.7. There were some difficulties with reporting on specific case types e.g. mould where the complaint had been received citing multiple or alternative property deficiencies, and due to the number of different screens used to follow one case through. It was also not possible to search by landlord (to easily identify rogue landlords). We found officers had used the incorrect case closure codes in 29% of the cases tested which will result in inaccuracies when producing reports.
- 6.8. We found there were a number of cases in our testing where there were links with homelessness support services, when tenants either feel at risk of eviction or want to leave their properties due to the state of disrepair. There is an agreed procedure for referrals to homelessness services however evidence of this was not always clear from the case notes.
- 6.9. We also found some specific cases where the procedures had not been followed in full i.e. no action had been taken for over 3 months in two of the cases reviewed, which appear to also have been missed during one to ones with managers or officer self-reporting. These have been reported to management.

Appendix Three: Basis of Audit Assessments (Opinion/Priority/Impact)

Level of Assurance	Description		
<i>The level of assurance is an auditor judgement applied using the following criteria</i>			
Substantial	Sound system of governance, risk management and control. Issues noted do not put the overall strategy / service / system / process objectives at risk. Recommendations will be moderate or minor.		
Reasonable	Areas for improvement in the system of governance and control, which may put the strategy / service / system / process objectives at risk. Recommendations will be moderate or a small number of significant priority.		
Limited	Significant areas for improvement in important aspects of the systems of governance and control, which put the strategy / service / system / process objectives at risk. Recommendations will be significant and relate to key risks.		
No	An absence of effective governance and control is leaving the strategy / service / system / process open to major risk, abuse, or error. Critical priority or several significant priority actions.		
Priority	Assessment Rationale		
<i>The priority assigned to recommendations is an auditor judgment applied using an assessment of potential risk in terms of impact and likelihood.</i>			
Critical	Significant	Moderate	Minor
Actions < 3 months	Actions < 6 months	Actions < 12 months	Management discretion
<ul style="list-style-type: none">• Impact on corporate governance• Life threatening / multiple serious injuries or prolonged work place stress• Severe impact on service delivery• National political or media scrutiny• Possible criminal or civil action• Failure of major projects• SMT required to intervene.• Statutory intervention triggered.• Large (25%) impact on costs/income• Impact on the whole Council.		<ul style="list-style-type: none">• Some impact on service governance• Some risk of minor injuries or workplace stress• Impact on service efficiency• Internal or localised external scrutiny• Procedural non compliance• Impact on service projects• Handled within Service• No external regulator implications• Cost impact managed at Service level• Impact on Service or Team	

Impact	
Impact is the auditor assessment of criticality of the strategy / service / system / process being audited to the achievement of the Council's priorities and discharge of functions and duties in the following areas. This is described in the Audit Terms of Reference	
Strategic Objectives	Key Partnerships
Safety and Welfare	Finance and Resources
Corporate Risk	Key Service Fulfilment
Organisational Change	Statutory Duty

Appendix 4 – Other sources of assurance

The table below is a non-exhaustive list of sources used to inform planning and reporting of Internal Audit assurance. This list was focused up to the end of December 2022 and is added to in the year and forms part of the annual audit opinion assessment. Internal Audit consider how they contribute to assurance over governance, risk and control and specially how they link to the Council's Code of Governance headings as follows:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

A1 - Behaving with Integrity

A2 - Demonstrating Strong Commitment to Ethical Values

A3 - Respecting the Rule of Law

B. Ensuring openness and comprehensive stakeholder engagement

B1 - Ensuring Openness

B2 - Engaging Comprehensively with Institutional Stakeholders

B3 - Engaging with Individual Citizens and Service Users Effectively

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

C1 - Defining Outcomes

C2 - Sustainable Economic, Social and Environmental Benefits

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

D1 - Determining Interventions

D2 – Planning Interventions

D3 - Optimising Achievement of Intended Outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

E1 - Developing the Organisation's Capacity

E2 - Developing the Capability of the Organisation's Leadership and Other Individuals

F. Managing risks and performance through robust internal control and strong public financial management

Children Services, Education and Schools

Other Assurance	Detail	Code of Governance
Children's Services Safeguarding – LADO annual report.	Scrutiny Report November 2022 – Local Authority Designated Officer report; overview and analysis of management of allegations made against adults working with children in paid or voluntary capacity in Manchester.	A1 A3
Adoption Counts Annual Report	Scrutiny Report November 2022 – regarding Adoption Minimum Standards re statutory duty. Provides positive assurance over the performance of 3 rd party partnership with Stockport Council.	A3 B2
Partnership Governance – Children's Board Annual Report 2021/22	Manchester Health and Wellbeing Board – November 2022 - provides an overview of the work undertaken by the Board and highlights the strategic context in which the Board operates, and the progress made against key metrics in the outcomes framework.	B2 C1 C2

Adult Services – Health and Care

Other Assurance	Detail	Code of Governance
Director of Public Health's annual report	Report to Health and Wellbeing Board on the health and wellbeing of the population, highlighting key issues and actions to address.	C D
Submission of Better Care Fund Plan	Assurance that plan has been developed and shared with stakeholders via the Health and Wellbeing Board.	B2 C D
Review and refresh of the Health and Wellbeing Board	Assurance that governance for health and care in the City and the role of the GM ICS have been reviewed and that changes are being implemented to support effectiveness and ensure the Council complies with statutory duties.	B2 D2 G3
Blue Badges – technological improvement	Internal Audit advice and guidance on the controls required in the automation of elements of the Blue Badge system.	F4

Core and ICT

Other Assurance	Detail	Code of Governance
ICT Delivery Board	Deputy Head ARM attends monthly board, and contributes to firming up Terms of Reference, alignment to Technical Design Authority and IT Strategy, in managing IT projects and prioritising BAU activities through Service Now system.	E
Corporate Information Assurance and Risk Governance (CIARG) and Information Security Steering Group	Audit attendance monthly – reviewing agenda items, providing challenge, and involvement through D-SIRO network to help determine Data Strategy, Data Management, and associated policies.	F
Mobile Data / Services Project	Facilitated a risk workshop in November 2022 so risk register can be populated, and risks monitored.	E1 , E2
Covid Grant – Debt Recovery Group	Lead Auditor attends and is providing a steer and advice on grants paid in error, and approach to take with BEIS	B1
Fire Safety and Asbestos Management Project Plan	<p>To ensure Operational Council premises have appropriate fire safety and asbestos management arrangements in place, to meet legal duties under fire safety and health and safety legislation.</p> <p>Identify premises which require asbestos surveys / updated asbestos management plans and fire risk assessment undertaken by specialist fire safety practitioners – complete. Commission FRAs and Asbestos Surveys.</p> <p>Implement BAU model for fire safety and asbestos management for the operational estate.</p>	A3 F
Legal case Management System and Registrars System.	Audit presence on Project Boards to provide advice and guidance regards implementation and expected controls at earliest stages.	E
Procurement and Contracts	Contract managers across the Council have been invited to undertake the Government Commercial Function contract management e learning which is being promoted as a	B2 E and F

Training and establishing the Major Contracts Oversight Board	foundation for all contract staff which should lead to improvement in commercial competency and skills.	
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Neighbourhoods; and Growth and Development

Other Assurance	Detail	Code of Governance
Consultant's Report – Place Called Home (Red Quadrant)	Homelessness Transformation project to significantly increase the prevention of homelessness, continue our progress to end rough sleeping, considerably reduce the use of temporary accommodation, and deliver Better Outcomes and Better Lives for people and families at risk or who are homeless	C1 D1 F2 F5
Economic Strategy Update	The vision and key purposes of the Strategy; One option for the structure of the Strategy is to have five themes which sit around the core outcome of ensuring that Manchester's economy is one of the most high performing, whilst reducing inequality.	
New Anti-poverty Strategy. Also, paper on MCC ambitions to become a Living Wage City, and report on the GMCA – GM Good Employment Charter.	<p>There were 4 suggested priorities and actions to be included in the final strategy, which were subject to further refinement with our stakeholders as well as formal consultation:</p> <ul style="list-style-type: none"> • Preventing Poverty • Mitigating Poverty • Pathways Out of Poverty • Good Governance and Effective Delivery. <p>The Manchester Anti-Poverty Strategy will sit under the Making Manchester Fairer Plan.</p>	
FLARE replacement project	Through DMT and ICT Delivery Board, audit have seen proposals for new case management system, and we will audit this as it is embedded into operational business as usual use.	F

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Manchester City Council Report for Information

Report to: Audit Committee – 14 March 2023

Subject: Outstanding Audit Recommendations

Report of: Head of Audit and Risk Management

Summary

In accordance with Public Sector Internal Audit Standards, the Head of Audit and Risk Management must “establish and maintain a system to monitor the disposition of results communicated to management; and a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action”. For Manchester City Council this system includes reporting to directors and their management teams, Strategic Management Team, Executive Members and Audit Committee.

This report summarises the implementation position at the end of the last quarter (December 2022) for the Council and for schools.

Recommendations

The Committee is recommended to consider the assurance provided from the follow-up of outstanding audit recommendations.

Wards Affected: ALL

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
None
Equality, Diversity, and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
None

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	An effective internal audit service is an integral part of the Council's governance arrangements. It helps to maintain and develop good governance and risk management and provides independent assurance over the effectiveness of the Council's systems of control. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success.	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	
A liveable and low carbon city: a destination of choice to live, visit, work.	
A connected city: world class infrastructure and connectivity to drive growth.	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue - None
Financial Consequences – Capital - None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Internal Audit progress reports to Audit Committee
- Schools Assurance update to Audit Committee July 2022
- Outstanding Audit Recommendations Report to Audit Committee – October 2022

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 There are four categories of recommendation priority: critical, significant, moderate, and minor. This report provides the details of progress to address outstanding recommendations in the high risk (critical and significant) categories and an update on proposed next steps. This report focuses solely on Internal Audit recommendations, as there are currently no External Audit recommendations being tracked.
- 1.3 This report also includes an update on progress made by school to address recommendations from school audit reports.

2 Background

- 2.1 Internal Audit usually follows up management actions on high-risk recommendations at least quarterly to obtain assurance that progress is being made to address risk. Management is required to provide demonstrable evidence to show that agreed actions have been implemented. Internal Audit considers this evidence and may choose to 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 Where a limited or no assurance opinion is issued, a full follow up audit is undertaken after 6-12 months to test whether agreed areas for improvement have been addressed.
- 2.3 In addition to recommendations agreed as part of our planned assurance reviews, we have now formalised our approach to capturing and tracking recommendations made through audit investigations. In specific circumstances where we find systemic control weaknesses or gaps, we will produce an action plan for management, identify action owners and agree implementation dates. Critical and significant recommendations will be monitored via the existing processes.
- 2.4 Where system related issues are found, we may include them in standard recommendation reporting to Committee but that may not be appropriate in all cases, for example, if the recommendation relates to actions needed to be taken to reduce the risks of fraud or theft where publishing to the public at large would present an increased likelihood of crime. For completeness we will continue to report progress on all counter-fraud related audit activity to the Committee through the Counter Fraud Annual report.
- 2.5 Progress made in the implementation of agreed actions is reported quarterly to Directorate Leadership Teams (DLTs), Strategic Management Team (SMT) and Audit Committee. Executive Members are notified of high priority recommendations reaching six months overdue. At nine months overdue, Strategic Directors are required to attend Audit Committee with the relevant

Executive Member to explain the position and progress to either address or accept the reported risks.

- 2.6 In accordance with Audit Committee expectations, the risk relating to recommendations that are not fully implemented will not be written back to Strategic Directors when they are over 18 months past the agreed implementation date. Directors will continue to attend this Committee to outline the reasons for delay and mitigating actions that they consider have reduced risk exposure to a tolerable level.

3 Current Implementation Position Update

- 3.1 The position in terms of high priority internal audit recommendations implemented in the quarter to December 2022 are summarised below and in detail at Appendix 1. Overdue recommendations are detailed in Appendices 2,3 and 4.
- 3.2 Recommendations for improving the control environment within schools are monitored by Internal Audit however these are reported as a separate item within this report. In July 2022 we provided the Committee with a report detailing audit work within schools and a summary of recommendations made and their status. We continue to revisit and re-assess schools that have outstanding and partially outstanding recommendations from financial health checks. The position regarding implementation of recommendations made in school reports up to December 2022 is provided under a separate cover.
- 3.3 At a previous meeting, Members were provided with an update on recommendations made with regards to Housing Operations - Void and Empty Properties audit. We have now concluded our follow up work and provide details below of the progress made to date.

Outstanding Recommendations – over 12 months

- 3.4 At present we are tracking three recommendations that are over 12 months old. One of these is longstanding and the other two are more recent, now being 13 and 15 months overdue. All are classed as being partially implemented.

Directorate	Audit Title	Due Date	Months	Status
Adults	Mental Health Casework	30/09/19	34	Partially implemented
Children	Placement Finding: Review of Core Processes	30/11/21	13	Partially implemented
Children	Placement Finding: Review of Core Processes	30/09/21	15	Partially implemented

Mental Health Casework

- 3.5 There has been a range of new improvement activity within Greater Manchester Mental Health Trust (GMMHT) and re-prioritisation of resources, including staff, to focus on urgent, high-risk areas such as inpatient, demand and casework that has affected this work. There have been changes in leadership, challenges in capacity and the focus of the Council and of GMMHT has been in other critical areas so actions in respect of this partially implemented recommendation have not been progressed at the pace proposed in previous updates to Audit Committee.
- 3.6 Management updates have been provided to explain that whilst progress has been made in training some GMMHT staff to use the adult social care system (Liquid Logic) and 17 further staff have been allocated to complete training, this remains incomplete and further queries have been raised in respect of workflow in Liquid Logic. Management also propose to reassess the original risk from the 2019 audit report to ensure that this remains the most appropriate response and most effective use of capacity given competing priorities and changes in systems, roles and responsibilities since the audit was completed. Internal Audit support this approach to review the proposed changes in process alongside all other known risks and areas for improvement.
- 3.7 Whilst the systems and process change that was proposed as part of the audit recommendation would have provided a more efficient and effective process and should have been addressed on a timely basis, management and Internal Audit agree that work with GMMHT needs to focus on wider, current and urgent areas for improvement. Subject to comments from Audit Committee we propose that the points raised in this audit, that are understood by management, are incorporated into the wider set of improvement actions being developed by GMMH with support from the Council and other partners and that is being overseen by the Manchester Governance Group.

Placement Finding

- 3.8 Through follow up work in 2022 Internal Audit confirmed several improvements had been made following the initial audit. This included the introduction of steering group meetings attended by finance and commissioning colleagues to review outstanding payments/placements, weekly catch ups between

commissioning and finance managers to identify and resolve data discrepancies within systems and use of a 'conversation tool' within the payments system to allow issues with provider invoices to be resolved more. To facilitate the additional work required, the service also introduced a dedicated post for tracking internal foster carer payments and to provide support to social workers to ensure placements are processed correctly and in a timely manner.

- 3.9 The outstanding recommendations relate to the use of management information as this is not currently produced from the system or used to track placement ends for over 18s or checks to ensure payments are not being made to multiple carers for a single child. An audit of foster care overpayments is being completed and the aim was to use the results of the testing to confirm the impact of progress made. This work is due to be finalised in March. If issues of concern remain or recommendations remain classified as outstanding following this audit, then the Director and Executive Member will be asked to attend and update the Audit Committee on proposed actions.

Overdue Recommendations – 6 to 12 months

- 3.10 There are three recommendations that have been overdue for between six and twelve months, two relate to contracts and the use of waivers and extensions, and the other relates to audit recommendations made in respect of Avro Hollows Tenant Management Organisation (AHTMO).
- 3.11 Progress on actions from the waivers report has been largely positive. One of these is dependent on the new contract management system and has been delayed due to complexities within that project although this should be addressed by the summer 2023. The other relates to changes in the Constitution which were approved in November 2022. As such the key action has been addressed but the service is also updating guidance, reference documents and training materials to reflect these changes and expect this to be complete by the end of April 2023. We will continue to engage with management on developments in these areas.
- 3.12 Engagement between the Council and AHTMO has been challenging and this has impacted a number of areas of proposed follow up by Internal Audit. As a result the audit recommendations and other significant concerns have been raised with the service and with AHTMO by the Head of Audit and Risk Management. As a consequence Internal Audit have not followed-up the audit recommendations but these form part of the broader dialogue that is taking place between the Council and TMO.

Overdue Recommendations – 1 to 6 months

- 3.13 We are tracking eight recommendations that are now in this category, five are classed as partially implemented and three are not implemented. We are following up actions in relation to Avro Hollows Tenant Management Organisation (3), Housing Operations Governance (2), Housing Voids (1) and two recommendations regarding Privacy Notices. More detail is provided in

Appendix 4 below.

Not Yet Due

- 3.14 A total of 16 recommendations rated significant / critical are not yet overdue, these will be tracked through to implementation. All have been agreed as part of audit work and reports finalised in the period April 2022 to December 2022.

4. Recommendations from School Audit Reports

- 4.1 Follow up visits have undertaken with five of nine schools that had received limited audit assurance opinions since the start of 2018/19. There were 57 critical and significant risk recommendations made from audits of these schools although 9 of these related to the more recent audits of Abraham Moss High School and the Divine Mercy RC Primary School where agreed actions were not due.
- 4.2 Of the remaining 48 actions all but 7 had been fully or partially implemented which provides positive assurance over the work being done to address risks identified through audits. All actions had been fully implemented at All Saints Primary School and further progress was evident at St Phillips, Martenscroft Nursery and St Bernards as illustrated in table 1. These schools have been provided with advice to help them address their agreed actions in full.

**Table 1: Implementation of recommendations from school audit reports
Position at the end of quarter three (December 2022)**

Audit	Total Made	Outstanding	Partially Implemented	Fully Implemented / Mitigated
Lily Lane Primary	7		3	4
St Margaret's CofE Primary	6		3	3
St Bernard's Primary School	8	2	4	2
Martenscroft Nursery School and Children's Centre	7	1	3	2
Collyhurst Nursery School and Children's Centre	4	4		
All Saints Newton Heath Primary	9			9
St Phillips Primary	7		2	5
The Divine Mercy RC Primary (not yet due)	3	3		

Abraham Moss High (not yet due)	6	6		
Total	57	16	15	25

- 4.3 Whilst we were unable to complete follow up activity at Collyhurst Nursery due to staff absences, the Chief Financial Officer of the Greater Manchester Academies Trust (GMAT), who are supporting the school has provided assurance that progress has been made in addressing the issues raised in our audit report and we agreed that a formal follow up visit would take place in April 2023 alongside with scheduled visits for The Divine Mercy and Abraham Moss.
- 4.4 The overall position is positive and Internal Audit will continue to engage, follow up and escalate as required to ensure schools sustain a focus on addressing actions agreed in audit reports.

5 Recommendation

- 5.1 Audit Committee is requested to note the current process, the inclusion of recommendations via investigation work, 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
Technology Enabled Care	30 June 2022	Reports should be run periodically to identify which service users have not tested their equipment within the period. Staff should contact them to both test equipment and to remind/advise customers of the monthly test requirement to ensure equipment is functioning correctly.	The recommendation is agreed. Work is ongoing with the primary supplier to automate testing where manual testing has not been carried out. Once implemented, the risk will be mitigated	Person recruited into post and has commenced contacting service users who haven't tested equipment - this includes equipment not returned from deceased etc. We consider this action to be fully implemented.	No further action required.
Housing Operations Voids	30 September 2022	There should be comprehensive register of all voids with clear associated costs. Responsibility for all long-term strategic voids should be taken by Housing Operations (Northwards). A full reconciliation should be undertaken for all strategic voids to ensure the correct Council Tax is being paid, and consideration should be given to apply for an exemption for those awaiting demolition. Consideration should be given to adding all void properties onto QL to enable reporting.	Agreed. All the above will form a key part of the Strategic Void group. Recovery of void council tax if overcharged to be investigated.	Follow up audit completed in Q3. A comprehensive register of all voids now exists, and cost data is collated monthly. Housing Operations are now formally responsible for managing all long-term strategic voids and the Strategic Void Group meets regularly. A finance report captures all 'turnover' and costs relating to strategic voids; empty property Council Tax charges incurred, council tax and rental income lost. This is updated each month. Some empty properties where Council Tax was charged incorrectly have been identified and several properties have now been demolished therefore are no longer incurring Council Tax. A full reconciliation was undertaken for all strategic voids and exemptions are under consideration. All remaining strategic voids have been added to QL.	No further action required

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Housing Operations Voids	30 September 2022	The new Governance Proposals drafted by the Assistant Director of Housing Operations shall be implemented in full, including: The strategic void meeting group reporting to the Housing Board, Proposed record keeping, Category allocation review, Development of options appraisal (to include socio economic considerations), and Clear timescales and prioritisation.	Agreed	Follow up audit completed in Q3. The governance proposals are now operational including regular meetings of the Strategic Void Group which is progressing actions in line with an agreed Terms of Reference (these have been amended so that the strategic void group now generally report to the HRA Capital Programme and Delivery Board with financial reporting including void rent loss to the Housing Board). The Group is prioritising strategic voids through the meetings and progressing bringing properties back into use. The options appraisal process has been drafted and agreed by the group for use.	No further action required.
Housing Operations Voids	30 September 2022	Proposals for ownership and oversight of reporting of management/performance information for all void properties should be developed to tie in with the new governance proposals. Arrangements for and frequency of the management monitoring and reporting should be included within the relevant policies.	Agreed	Follow up audit completed in Q3. The Assistant Director of Housing Operations monitors performance information for all void properties through the Strategic Void Group. This will be used operationally and provides a reporting route to the HRA Capital Programme and Delivery Board; the decision-making forum for proposals resulting from appraisals. The KPI monitoring (including the number of voids and relet time) is reported through to the Housing Advisory Board. The tracking of the end-to-end key process for managing voids has been reviewed and a comprehensive tracking report is	No further action required.

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
				produced. Finance reporting is undertaken regularly to establish the monetary loss of void properties.	
Asset Management Plan Management (Neighbourhoods)	30 November 2022	<p>The rationale behind the decision to include or not include individual schemes on the AMP or prioritise some over others should be better recorded. Options to facilitate this could include:</p> <p>The dedication of an AMP Steering Group meeting to assess and discuss the schemes to be included on the AMP and the recording of the basis of decision making evidenced within minutes.</p> <p>The introduction of a planning template for each proposed scheme showing:</p> <ul style="list-style-type: none"> -confirmation that key AMP criteria met -contribution to corporate priorities (zero carbon, access and inclusion etc.) -key stakeholder/s -key risks of not completing the works -risk/impact assessment -key challenges to successful delivery -delivery date requirements. <p>The introduction of a scoring mechanism to help in determining the priority of individual schemes.</p>	<p>(i) A dedicated Asset Management Programme (AMP) Steering Group is planned in November each year to discuss and make recommendations to the Estates Board for the annual programme.</p> <p>In advance, a summary will be provided for discussion and decision of proposals evaluated following a scoring template meeting AMP, risk and corporate objectives.</p> <p>(ii) The summary timescale for meeting programme and individual scheme delivery will be reviewed with actions agreed.</p>	<p>The scoring template was revised during 2022 to improve the emphasis on strategic priorities including carbon reduction. This is being used along with the refreshed AMPlication form, condition surveys and regular planned review meetings with services and stakeholders to support the programme of work. Examples were provided to confirm the operational use of these which will help to support and evidence the rationale behind the prioritisation of schemes onto the AMP.</p> <p>The AMP Steering Group and Estates and Assets Board have discussed and received updates on the current year AMP and the draft budget for 2023/24. We therefore consider this recommendation to be implemented.</p>	No further action required.

Appendix 2 – Recommendations Over 12 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Mental Health Casework Compliance	30 Sept 2019	The Director of Adult Services should ensure that a formal process is agreed and established with the Trust for a monthly reconciliation between safeguarding referrals sent and received. Trust and Council staff should work together to ensure that the new case management systems in each organisation – Paris and Liquid Logic, respectively – consistently record outcomes of safeguarding referrals, so that these can more easily be transferred across systems to ensure completeness of Council records and ability to monitor outcomes.	It is accepted that safeguarding outcomes need to be recorded in MiCare (Liquid Logic in future). Quality and Performance group will consider options to ensure this can be done efficiently and effectively.	<p>Management updates have been provided to explain that whilst progress has been made in training some GMMHT staff to use the adult social care system (Liquid Logic) and 17 further staff have been allocated to complete training, this remains incomplete and further queries have been raised in respect of workflow in Liquid Logic.</p> <p>Management also propose to reassess the original risk from the 2019 audit report to ensure that this remains the most appropriate response and most effective use of capacity given competing priorities and changes in systems, roles and responsibilities since the audit was completed</p> <p>Internal Audit Opinion: Partially Implemented</p>	<p>Director: Bernadette Enright, Executive Director of Adult Social Services</p> <p>Executive Member: Councillor Robinson</p> <p>Status: 34 months overdue</p> <p>Action: Subject to comments from Audit Committee we propose that the points raised in this audit, that are understood by management, are incorporated into the wider set of improvement actions being developed by GMMH with support from the Council and other partners and that is being overseen by the Manchester Governance Group.</p>
Placement Finding: Review of Core Processes	30 Nov 2021	The Commissioning Service Manager in conjunction with Social Work Managers should consider current placement closedown processes and how the risk of payments to more than one carer for the same child and period could be identified in advance to prevent significant repeated	As acknowledged this aspect is wider than CPT, the responsibility for entering the details of placements and closing placements are the tasks for social workers. CPT and CC do not routinely know when SGO's are granted, or children	<p>This recommendation remains outstanding in part. An audit review is currently in progress to provide assurance over arrangements in place to prevent foster care overpayments which will help to inform the status of this recommendation.</p> <p>The approach to this work includes the use of data analysis software to review a data set of foster care payments to identify possible duplicate payments. Higher value duplicates are then being</p>	<p>Director: Paul Marshall, Strategic Director of Children's Services</p> <p>Executive Member: Councillor Bridges</p> <p>Status: 13 months overdue</p> <p>Action: The findings from the Foster Care Overpayments audit currently in progress will be used to</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		overpayments. This should include ceased arrangements and transfers in internal foster carers; Special Guardianship Orders, extra allowances, and other costs. Once the correct process is determined this should be reflected in the Fostering, Post 16 and Residential workflow diagrams which have been produced recently.	move internally if this is agreed within the duty service for fostering. Meetings have taken place with HOS, LS, finance, and LL lead regarding this matter and there is not a resolution in the system which would allow more control in the fostering service. The practice continues and the issues become compounded if children are in multiple short-term placements. We are implementing weekly check ins for all children moving in and out of the service to try to get ahead of the payment issues. However, further work is needed from across CSC localities to support this aspect.	reviewed to establish root cause, identify any systemic weaknesses and potential ways to improve controls to prevent reoccurrence. The results of the audit will be shared in quarter four. Internal Audit opinion: Partially implemented	inform subsequent action. For completion March 2023. If not addressed, then Director and Executive Member to attend Committee
Placement Finding: Review of Core Processes	30 Sept 2021	The Commissioning Service Manager with the support of officers from finance should determine how management	This is a complex area and one that also requires the input from finance officers and	This recommendation remains outstanding in part. An audit review is currently in progress to provide assurance over arrangements in place to prevent foster care overpayments	Director: Paul Marshall, Strategic Director of Children's Services Executive Member:

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>information and reports can be used to more promptly to identify and act on:</p> <ul style="list-style-type: none"> -outstanding unpaid invoices which require resolving; -unbilled care received; -instances where payments are being made to multiple carers for a single child. -Other overpayments to carers/providers. <p>This should then be produced regularly and shared with relevant officers to allow for these cases to be addressed. Work should also be undertaken with providers to ensure they are billing correctly to facilitate payment i.e., one invoice per child and this should include all costs related to the placement (accommodation plus any support costs).</p>	<p>practitioners linked to the practice of placing children with care givers. CPT and CC do not always know when such issues arise particularly if they are internal foster carers.</p> <p>The Controcc system requires a high level of expertise which we do not have in the service, particularly to run reports which are accurate. This aspect is also a resource and capacity issue, and discussions are on-going with senior leaders regarding this aspect.</p>	<p>which will help to inform the status of this recommendation.</p> <p>The approach to this work includes the use of data analysis software to review a data set of foster care payments to identify possible duplicate payments. Higher value duplicates are then being reviewed to establish root cause, identify any systemic weaknesses and potential ways to improve controls to prevent reoccurrence. The results of the audit will be shared in quarter four.</p> <p>Internal Audit opinion: Partially implemented.</p>	<p>Councillor Bridges</p> <p>Status: 15 months overdue</p> <p>Action: The findings from the Foster Care Overpayments audit currently in progress will be used to inform subsequent action. For completion March 2023</p> <p>If not addressed, then Director and Executive Member to attend Committee</p>

Appendix 3 – Recommendations between 6 and 12 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Use of Waivers and Extensions	31 May 2022	<p>The ICP Team should develop a formal system for the process of submitting and approving waiver and contract requests. This should include a mandatory control for all waivers over £50k to be submitted to the Deputy Chief Executive and City Treasurer by ICP, to provide assurance of their agreement.</p> <p>Consideration should be made to integrating the Teams Approvals function into the system to support more unambiguous authorisations and a self-contained audit trail.</p>	<p>The ICP Team are currently exploring options including Teams functionality to support with this. The team are also looking to procure a new contract management system with functionality that will support management of approvals. In the immediate term, the team has already amended the waiver template form to explicitly confirm that ICP Management have been consulted beforehand. We will confirm with directorates that waivers and extensions, along with contract award reports more generally must go through the ICP Team.</p>	<p>The waivers form now requires ICP approval for all over £50k. Consideration was given to Teams and SharePoint, however this was unsuccessful. Functionality for waivers / contract award reports has been included in the specification for the new contract management system.</p> <p>We are awaiting documentation to support a sample of waivers recently completed to demonstrate the strengthening of controls following our audit. Once received we will be able to confirm the position.</p> <p>Internal Audit opinion: Partially implemented</p>	<p>Director: Carol Culley, Deputy Chief Executive and City Treasurer</p> <p>Executive Member: Councillor Akbar</p> <p>Status: Seven months overdue</p> <p>Action: To continue to request updates from the service and evaluate progress.</p>
Use of Waivers and Extensions	31 May 2022	<p>The ICP team should work with Legal Services to simplify the Constitutional wording around contract authorisations. Wording around delegated authority should be explicit and unambiguous, with clear definitions of authorised officers.</p> <p>This should be reflected in procurement guidance and disseminated to commissioning and authorising officers. We advise that ICP take their observations regarding</p>	<p>Agree, subject to Constitutional amendments being confirmed. The ICP Team are currently working with Legal Services and directorates to develop proposed revisions for the Constitution</p>	<p>Officers drafted new contract rules for the Constitution, including on waivers/ direct award in consultation with contracts leads and the Commercial Board. The amendments were agreed at full Council on the 30 November 2022.</p> <p>These changes need to be reflected in procurement guidance and disseminated to commissioning and authorising officers for the recommendation to be</p>	<p>Director: Carol Culley, Deputy Chief Executive and City Treasurer</p> <p>Executive Member: Councillor Akbar</p> <p>Status: Seven months overdue</p> <p>Action: To continue to request updates from the service and evaluate progress.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		waivers/direct award and delegated authorities to the Commercial Board for discussion.		<p>implemented in full. The team are working on changes to guidance and intend to send further guidance out to contract managers in the new year.</p> <p>Internal Audit opinion: Partially implemented</p>	
Avro Hollows Tenants Management Organisation (AHTMO)	30 June 2022	<p>We found that the formal recording of repair requests was managed through a spreadsheet. However, requests were only added to the spreadsheet at the point that they were approved for referral to the external repairs' contractor. The AHTMO Manager informed us that there was no structured record of repair requests that were refused, and that minor repairs passed to the handyman were only recorded in carbonated job request books. Jobs referred to Housing Operations (previously Northwards) were also not recorded.</p>	<p>Agreed - The Head of Housing Services should seek assurance from the AHTMO Manager over the recording and management of requests for repair at the point of receipt.</p>	<p>The Head of Audit and Risk Management has written to Strategic Housing and the chair of AHTMO in respect of risks and concerns identified through audit and other work. The follow up of this recommendation is part of that wider letter of concerns.</p> <p>Internal Audit opinion: Not implemented</p>	<p>Director: Becca Heron, Strategic Director of Development</p> <p>Lead Officer: Martin Oldfield, Head of Housing Services</p> <p>Executive Member: Councillor White</p> <p>Status: Six months overdue</p> <p>Action: This is an area of active follow up by the Head of Audit and Risk Management.</p>

Appendix 4 – Recommendations between 1 and 6 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Housing Operations - Governance	31 July 2022	The Director of Housing Operations should ensure that the following are added into the governance documentation: Person Specification, Role profile / tasks, Required / desired skills, Membership renewal strategy, Programme of training, Equality, diversity and inclusion statement / policy, Committee member conflict of interest statements, Clarification of how the committee will appoint a chair in the Executive Member's absence, Clear plan to support continuous improvement of the committee, Outline of decision-making arrangements. We also recommend the following: The proposed two-year maximum term for tenant committee membership is extended. The numbers of tenants and members are equal.	Recommendation is agreed.	<p>Role profile created and terms of reference are in place. Membership term of Housing Advisory Board set out in Terms of Reference as a minimum of two years, which was amended following the audit.</p> <p>Learning and Development offer for all members, some of which (safeguarding, cyber security) are mandatory. More detailed L&D and continuous development under discussion subject to individual needs and areas of interest (e.g. Health and Safety, Finance, Communications) Equality, Diversity and Inclusion responsibilities set out in role profile and terms of reference</p> <p>Most of the required documentation is now in place, we are just awaiting confirmation of the continuous improvement of the committee and the membership renewal strategy.</p> <p>Internal Audit opinion: Partially implemented</p>	<p>Director: Neil Fairlamb Strategic Director Neighbourhoods</p> <p>Executive Member: Councillor White</p> <p>Status: Five months overdue</p> <p>Action: To continue to request updates from the service and evaluate progress.</p>
Housing Operations - Governance	31 July 2022	Reporting requirements and routes should be defined in the committee ToR. We would	Recommendation agreed.	The Terms of Reference ToR set out the responsibilities and remit of the Board. A Declaration of	Director: Neil Fairlamb Strategic Director Neighbourhoods

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		expect this to include annual reporting, monitoring of KPIs, regular reporting against equality, diversity and inclusion priorities and objectives, reporting on the declaration of interests register, tenant's annual scrutiny review of the service.		<p>Interests Register is in place and has been signed by all parties. This will be reviewed annually. The role of the board is to scrutinise the service, primarily from residents' perspective, an annual report is being produced for late Autumn 2022 where the HAB will have a vital role in overseeing and shaping the content.</p> <p>Additional work to be completed around reporting against equality, diversity and inclusion priorities and objectives and tenant's annual scrutiny review.</p> <p>Internal Audit opinion: Partially implemented</p>	<p>Executive Member: Councillor White</p> <p>Status: Five months overdue</p> <p>Action: To continue to request updates from the service and evaluate progress.</p>
Avro Hollows Tenants Management Organisation (AHTMO)	30 Sept 2022	<p>The Head of Housing Services should ensure that the Modular Management Agreement is reviewed, to ensure it accurately reflects expectations following the closure of Northwards Housing, and that it provides sufficient clarity on key aspects of delivery including anti-social behaviour and scheduling of capital works.</p> <p>Following this, the document should be finalised and signed off.</p>	Agreed	<p>The Head of Audit and Risk Management has written to Strategic Housing and the chair of AHTMO in respect of risks and concerns identified through audit and other work. The follow up of this recommendation is part of that wider letter of concerns.</p> <p>Internal Audit opinion: Not implemented</p>	<p>Director: Becca Heron, Strategic Director of Development</p> <p>Lead Officer: Martin Oldfield, Head of Housing Services</p> <p>Executive Member: Councillor White</p> <p>Status: Three months overdue</p> <p>Action: Awaiting a response from AHTMO Chair and Head of Housing. This is an area of active follow up by the Head of Audit and Risk Management.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Avro Hollows Tenants Management Organisation (AHTMO)	30 Sept 2022	The Head of Housing Services should seek assurance from the AHTMO Manager over the completeness of the local policy for assessing repair quality and resident satisfaction, and the extent of compliance with the expectations outlined in the Modular Management Agreement.	Agreed	<p>The Head of Audit and Risk Management has written to Strategic Housing and the chair of AHTMO in respect of risks and concerns identified through audit and other work. The follow up of this recommendation is part of that wider letter of concerns.</p> <p>Internal Audit opinion: Not implemented</p>	<p>Director: Becca Heron, Strategic Director of Development</p> <p>Lead Officer: Martin Oldfield, Head of Housing Services</p> <p>Executive Member: Councillor White</p> <p>Status: Three months overdue</p> <p>Action: Awaiting a response from AHTMO Chair and Head of Housing. This is an area of active follow up by the Head of Audit and Risk Management.</p>
Avro Hollows Tenants Management Organisation (AHTMO)	30 Sept 2022	The Head of Housing Services should seek assurance from the AHTMO Manager over the completeness and accuracy of performance monitoring, including the frequency of resident satisfaction surveys.	Agreed	<p>The Head of Audit and Risk Management has written to Strategic Housing and the chair of AHTMO in respect of risks and concerns identified through audit and other work. The follow up of this recommendation is part of that wider letter of concerns.</p> <p>Internal Audit opinion: Not implemented</p>	<p>Director: Becca Heron, Strategic Director of Development</p> <p>Lead Officer: Martin Oldfield, Head of Housing Services</p> <p>Executive Member: Councillor White</p> <p>Status: Three months overdue</p> <p>Action: Awaiting a response from AHTMO Chair and Head of Housing. This is an area of active follow up by the Head of Audit and Risk Management.</p>
Housing Operations Voids	30 September 2022	Detailed options appraisal guidance should be developed, and a full options appraisal should	Agreed	Follow up audit completed in Q3. The detailed options appraisal guidance has been developed	Director: Neil Fairlamb Strategic Director Neighbourhoods

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		be undertaken for all strategic voids including a cost benefit analysis to ensure investment / repair decisions are well informed, and based on future use / strategic plans / community plans etc. The Asset Management strategy should be updated to include proposals for record keeping / assessment / decision making / reporting and Management Information.		<p>and agreed by the Strategic Void Group. Appraisals have been completed or are underway for all strategic voids, now under the scrutiny of the Group. Several properties are awaiting structural reports to enable these to be finalised and can take a year to commission and complete. Some of the strategic voids have new established 'exit' routes since the time of our audit, for example, be demolished.</p> <p>The Asset Management Strategy has been updated to align to the transition of Northwards Housing into the Council and includes reference to the Strategic Void Group and options appraisals. The strategy will undergo a comprehensive review before the end of March 2023.</p> <p>Internal Audit opinion: Not implemented</p>	<p>Executive Member: Councillor White</p> <p>Status: Three months overdue</p> <p>Action: To continue to request updates from the service and evaluate progress.</p>
Privacy Notices	31 Oct 2022	The Data Protection Officer (DPO) should co-ordinate an exercise to assess current privacy notices and confirm whether they are tailored to individual user groups identified as unlikely to understand the standard information given. Where required amendments are identified, the Data Protection Officer should agree target timescales for delivery of these amendments with relevant officers.	Agreed	<p>The assessment identified four service areas where a tailored privacy notice would be beneficial. These all fell within the remit of the Directorate Senior Information Risk Owner (DSIRO) for Children's, Education and Adults.</p> <p>In addition, the DPO will provide more hands-on support to the DSIRO.</p>	<p>Director: Fiona Ledden, City Solicitor and Senior Information Risk Owner</p> <p>Executive Member: Councillor Craig at time of report issue – now Councillor Akbar</p> <p>Status: Two months overdue</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		Formal consideration of the intended audience could be added to the scope of periodic reviews to ensure full coverage and evidence decision making as to whether tailored information is required in specific circumstances.		<p>The next periodic review of all privacy notices will include and record consideration of the intended audience and whether tailored information is required.</p> <p>Internal Audit opinion: Partially implemented</p>	<p>Action: To continue to request updates from the service to evaluate progress.</p>
Privacy Notices	31 Oct 2022	There should be a systematic exercise coordinated by the DPO to ensure service specific privacy notices are communicated to individuals at the correct time.	Agreed	<p>Coverage of this topic was included in the agenda for the Data Governance Network meeting in June 2022. However, completion checks have not yet been followed up by the DPO.</p> <p>Internal Audit opinion: Partially implemented</p>	<p>Director: Fiona Ledden, City Solicitor and Senior Information Risk Owner</p> <p>Executive Member: Councillor Craig at time of report issue – now Councillor Akbar</p> <p>Status: Two months overdue</p> <p>Action: To continue to request updates from the service to evaluate progress.</p>

**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 March 2023
Subject: Work Programme and Decisions Monitor
Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

- Decisions Monitor
- Items for information
- The draft Work Programme

Recommendation

The Committee is invited to discuss the information provided and agree any changes to the work programme that are necessary.

Wards Affected: All

Contact Officers:

Name: Donna Barnes
Position: Governance Officer
Telephone: 0161 234 3037
E-mail: donna.barnes@manchester.gov.uk

Background document (available for public inspection):

None

1. Monitoring Previous Audit Committee Decisions

This section of the report contains recommendations made by the Committee and responses to them indicating whether the recommendation will be implemented, and if it will be, how this will be done.

Date	Item	Decision	Response	Contact Officer
29 November 2022	Code of Corporate Governance	<p>To recommend to the Council that responsibility for approval of the Code of Corporate Governance is delegated to the Audit Committee and in doing so that Council:</p> <ul style="list-style-type: none">• Agrees changes to the delegations to the Audit Committee set out in the Council's Constitution so that approval of the Code of Corporate Governance is the responsibility of Audit Committee.• Agrees to delete the reference to the Code of Corporate Governance from the Council's Policy Framework at Article 4 of the Council's Constitution; and• Removes Section G of Part 6 ("Manchester City Council - Code of Corporate Governance") from the Council's Constitution.	The changes were ratified by Council at its 1 February 2023 meeting.	

2. Items for Information

There are no items for information to circulate.

**Audit Committee
Work Programme – March 2022**

Meeting Date: 14 March 2023,10am (Agenda published: 6 March 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Internal Audit Assurance	To receive a report which summarises summary audit work undertaken and opinions issued quarter 3 of the municipal year.	Councillor Akbar	The Head of Audit and Risk Management
Oral Update on 2020/2021 and 2021/2022 accounts	To receive an oral update on progress towards completion of outstanding account finalisation.		Mazars (External Audit)
Outstanding Audit recommendations	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 3, in accordance with Public Sector Internal Audit Standards.	Councillor Akbar	The Head of Audit and Risk Management
Accounting concepts and policies critical accounting judgements and key sources of estimation uncertainty	To receive a report that discusses the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2022/23 annual accounts	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Work Programme and Decisions Monitor	To receive the Committee's Work Programme and Decisions Monitor		Governance and Scrutiny Support Unit

Meeting date: 11 April 2023, 10am (Agenda published Monday 3 April 2023)

Item	Purpose	Lead Executive Member	Strategic Director/ Lead Officer
Annual Internal Audit Plan	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards.	Councillor Akbar	The Head of Audit and Risk Management
External Audit Progress			Mazars
Work Programme and Decisions Monitor	To receive the Committee's Work Programme and Decisions Monitor	-	Governance and Scrutiny Support Unit

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