



## **Audit Committee**

Date: Monday, 10 December 2018

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension,  
Albert Square, Manchester

Everyone is welcome to attend this committee meeting.

**There will be a private meeting for Members only at 9.30am in Committee Room 6 (Room 2006), 2nd Floor of Town Hall Extension. A Town Hall pass is needed to reach this room.**

### **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**

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**Councillors** - Ahmed Ali (Chair), Connolly, Lanchbury, Russell, A Simcock and Watson

**Independent Co-opted Members** – Mr S Downs and Dr D Barker

## Agenda

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- 1. Urgent Business**  
To consider any items which the Chair has agreed to have submitted as urgent.
- 2. Appeals**  
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
- 3. Interests**  
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.
- 4. Minutes** 5 - 16  
To approve as a correct record the minutes of the meeting held on 5 November 2018.
- 5. [10.05 - 10.15] External Audit Progress Report and Update 2018/19** 17 - 26  
The report of the Council's external audit provider is enclosed.
- 6. [10.15 - 10.35] Review of Code of Corporate Governance** 27 - 54  
The report of the Deputy Chief Executive is enclosed.
- 7. [10.35 - 10.55] Risk and Resilience Strategy and Corporate Risk Register** 55 - 64  
The report of the City Treasurer and the Head of Internal Audit and Risk Management and the Head of Audit and Risk Management is enclosed.
- 8. [10.55 - 11.00] Work Programme and Recommendation Monitor** 65 - 76  
The report of the Governance and Scrutiny Support Unit is enclosed.

**Please note: the actual start time for each agenda item may differ from the time stated on the agenda.**

## Information about the Committee

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The Committee is responsible for approving the Council's statement of accounts; considering the Audit Commission's Annual Audit and Inspection Letter and monitoring the Council's response to individual issues of concern identified in it. The Committee also considers the Council's annual review of the effectiveness of its systems of internal control and assurance over the Council's corporate governance and risk management arrangements, and engages with the external auditor and external inspection agencies to ensure that there are effective relationships between external and internal audit.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to the strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public are asked to leave.

The Council welcomes the filming, recording, public broadcast and use of social media to report on the Committee's meetings by members of the public.

Agenda, reports and minutes of all Council Committees can be found on the Council's website [www.manchester.gov.uk](http://www.manchester.gov.uk).

Smoking is not allowed in Council buildings.

Joanne Roney OBE  
Chief Executive  
Level 3, Town Hall Extension,  
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## Further Information

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

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This agenda was issued on **Friday, 30 November 2018** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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## **Audit Committee**

### **Minutes of the meeting held on 5 November 2018**

#### **Present:**

Councillor Watson - In the Chair  
Councillors Connolly, Lanchbury, Russell and A. Simcock

#### **Also Present:**

Councillor Bridges Executive Member for Children's Services  
Councillor Craig Executive Member for Adults Health and Wellbeing

**Apologies:** Councillor Ahmed Ali.  
Mr S Downs (Co-opted member) and Dr D Barker (Co-opted member)

#### **AC/18/50 Appointment of Chair**

In the absence of Councillor Ali, the Committee was requested to make a nomination for a Chair for the meeting.

Councillor Watson was nominated by Councillor A Simcock and this was seconded by Councillor Lanchbury.

#### **Decision**

To appoint Councillor Watson as Chair of the meeting.

#### **AC/18/51 Minutes**

The minutes of the Audit Committee held on 3 September 2018 were submitted for approval.

#### **Decision**

To approve the minutes of the meeting held on 3 September 2018 as a correct record.

#### **AC/18/52 Internal Audit Assurance Report**

The Committee considered the report of the City Treasurer and the Head of Internal Audit and Risk Management which provided a summary of the work of the Internal Audit Section for the period April to September 2018. The report included progress toward delivery of the annual audit plan, a summary of assurance opinions on completed audits, counter fraud and investigation and a summary position on the

implementation of Internal Audit recommendations.

The Chair invited questions from the committee.

A member referred to internal audit work on commissioning and contract management work and what plans are in place to include this within the work of Internal Audit.

It was reported that the Internal Audit Service had undertaken considerable work in procurement, contracts and commissioning work, focussing on insurance, whistleblowing and social value within contracts as well as working closely with the procurement team.

A member asked if officers would prioritise the audit work that had been removed from the current year's work plan as detailed in paragraph 2.4 of the report relating to audits of:

- Software Licensing;
- Public Contracts Regulations Compliance; and
- Manchester Support for Independent Living

The meeting was informed that the audits moved from the current work plan would be considered as a priority in the work plan for 2019/20.

A member referred to the lower priority rating of the audit of Manchester Support for Independent Living and requested officers to provide further information on the decision to delay the audit.

In response to a question from a member regarding the fee charged by the external partner for work to recover overpayments or unclaimed credit notes, it was reported that the fee would be 15% of the total recovered.

The Chair referred to audit work to deal with Manchester Health Care Commissioning (MHCC) and Manchester Local Care Organisation (MLCO) and requested an update on progress.

The Committee was informed that audit plans had been shared with auditors from Manchester Foundation Trust and the Care Commissioning Group. Audits had been undertaken by the Council on specific areas and jointly with MHCC and MLCO. An update report would be submitted to the Audit Committee at a future meeting.

Officers were requested to provide a separate report providing progress on the working arrangements for audit work of Mental Health casework compliance in respect of the Greater Manchester Mental Health Trust to the meeting of the Audit Committee on 11 February 2018.

Reference was made to the success of recovery work regarding Council Tax Support, Housing Tenancy Fraud and Right to Buy application fraud and officers were requested to ensure that such information was publicised widely through the Council's Communications Team.

## Decisions

1. To note the report submitted and the comments raised.
2. To request that a report is submitted to the next meeting of the Committee providing a review of lower priority rating of the audit of Manchester Support for Independent Living.
3. To request that a report is submitted to the meeting of the Committee in February 2019 to give an update on the working arrangements of audit work of Mental Health casework compliance in respect of the Greater Manchester Mental Health Trust.

### **AC/18/53 Outstanding Audit Recommendations**

The Committee considered the quarterly report of the City Treasurer and the Head of Internal Audit and Risk Management which provided information on the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations. The report contained only Internal Audit recommendations.

The Chief Operating Officer (Neighbourhoods) and the Strategic Lead Officer (Events Parks and Leisure) attended the meeting to introduce the report and an update on actions taken on the development of an Events Strategy and Events Management.

The Chair invited questions from the Committee.

Officers were requested to provide more information on resources for events and the appointment of staff.

It was reported that the post of 'Head of Events' had not been filled after advertising the post on two occasions. Following a review of the position it was decided that the role would be combined to include other responsibilities and was advertised again. It was anticipated that suitable candidates would apply and an appointment could be made from the process. The Committee was informed that unanticipated events such as large scale parades and demonstrations within the city had contributed to pressure placed on current resources.

The Chair referred to the holding of events within Albert Square and asked officers if this would be included within the Strategy as part of the refurbishment of the Town Hall.

The Committee was assured that the refurbishment of the Town Hall and Albert Square would be included within the Strategy and this will take into account the use of the area as a future venue in view of changes taking place to other outdoor venues within the city. The Albert Square area would be enhanced with an increased pedestrian area and reduced traffic flow and the inclusion of barrier protection in line with the advice received on counter terrorism.

A member referred to the use of new venues identified in the strategy and sought assurance that, where necessary, local residents and resident's groups would be fully informed and consulted on events proposed.

It was reported that the Events Strategy will include engagement with elected members and a check will be made with the Executive Members concerned on whether residents will be included in this. The Strategy will include provision for the notification of events at venues within residential areas, such as the Castlefield Bowl, and this will continue to take place well in advance of a planned event.

A member referred to the list of overdue recommendations and asked officers which of the recommendations is causing most concern.

The meeting was informed that the audit work relating to Liquid Logic Data Migration and Testing Phase 1, for the reason that the system dealt with issues relating to children's and adults social care. All outstanding audits would be monitored and an update would be provided on this within the next report to the Committee.

The Committee agreed that it was satisfied with the assurance provided within the report it had considered.

## **Decisions**

1. To note the report submitted and the comments received.
2. To note that the next report on Outstanding Recommendations will include an update on the position of overdue recommendations.

## **AC/18/54 2018/19 Annual Governance Statement (AGS) – Summary of Progress to Date**

The Committee considered the report of the Deputy Chief Executive which provided a summary of progress that has been made to date in implementing the governance recommendations from 2017/18 Annual Governance Statement (AGS). The report also outlined the next steps in the process of producing the Annual Statement for 2019/20. The AGS provides explanation of the governance challenges the Council is facing and these are reported on a six monthly basis to ensure the challenges continue to remain in focus on how they are addressed.

The Chair welcomed the report, in particular, the comprehensive coverage on the range of governance challenges it provides.

The Committee considered the actions listed in the report and the Chair invited the Committee to ask questions.

Members referred to the Our Manchester Behaviours process involving staff self-assessment and Listening in Action events. Members agreed that it was important to ensure that the Our Manchester approach in the delivery of Council services was consistent across the authority. Reference was also made to the reducing number of



staff attending Listening in Action events and an assurance was sought from officers that all staff will be provided with the opportunity and time to attend an event regardless of their role within the authority and location.

Officers noted the comments and suggested that a comprehensive response to the points raised would be included within the next Annual Governance Statement.

A member reported that the Resources and Governance Human Resources Sub-Group could consider the issues raised regarding Listening in Action and the Our Manchester Strategy as part of an annual report to be submitted on the BHeard survey.

The Chair referred to the Our Manchester Experience and requested that the work to refresh the experience take into account the feedback of the Older Peoples Board, in particular the wealth of local knowledge and experience that older people possess about the city. Also the observation that listening to residents is crucial to the success of experience.

A member referred to the number of Freedom of Information (FOI) requests made to the Council annually and asked officers to provide information on the time taken to respond to each request made and how much of the information requested was usually already available within the public domain and the cost to the Council.

It was reported that the Council receives up to 3000 (approx) FOI and other information requests annually and this generated a significant cost to the Council in processing and providing responses. Based on the popular information requests submitted, information is included on the Council website in order to address future requests. The Annual Complaints report will include details on the number of complaints and requests received however, this did not include use of resources such as staff time spent on the requests or cost.

A member referred to the implementation of the General Data Protection Regulation (GDPR) requirements across the Council on asked officers if this was on schedule to be achieved.

Officers undertook to report back to the Committee on the current position regarding GDPR.

The Chair referred to Action 11 within the report and requested that the Human Resources Sub-Group consider the issues raised relating to the improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working.

Councillor Russell reported that the subject of improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working was not on the current work programme of the Sub-Group. Councillor Russell undertook to include the topic in the work programme for future consideration.

## **Decisions**

1. To note the report submitted and the assurance provided.
2. To request that the Annual Governance Statement includes a response to concerns expressed regarding the consistency of the implementation of the Our Manchester behaviours across all areas of the Council's services and staff.
3. To request the Resources and Governance Human Resources Sub-Group to consider a report that provides feedback on the BHeard survey, an update on the training and implementation of the Our Manchester Strategy and to update on the arrangements for Council staff to attend Listening in Action events.
4. To note the comments made regarding the Our Manchester Experience and to pass the comments on to the officers involved in the refresh of the experience.
5. To request that, as part of the Annual Complaints report, officers include details on the number of Freedom of Information and other subject access requests made to the Council and provide details of the average length of staff time taken to process a request and costs involved.
6. To request the Resources and Governance Human Resources Sub-Group to consider issues raised within Action 11 of the report submitted relating to "improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working".

(The Chair adjourned the meeting at 11:00am and resumed the meeting at 11:06am)

**AC/18/55 Governance Improvement Progress for Partnerships with Medium of High Risk Assessment Ratings**

The Committee considered the report of the Deputy Chief Executive and the City Treasurer which provided an update on progress made to strengthen governance arrangements in the fourteen partnerships where a 'Medium' or 'High' Partnership Governance Risk Assessment was recorded in the 2017 Register of Significant Partnerships. The report provided information on the progress made in the governance of the partnerships since the submission of the latest version of the register to the meeting of the Committee on 25 January 2018.

A member referred to the partnership involve with Brunswick PFI (entry 55) and asked if there had been any improvement following the issue of warning notices to S4B to highlight specific contract concerns.

It was reported that the Brunswick PFI had been rated as a 'Medium' risk partnership and it was not anticipated that this be changed to a 'Low' risk rating at this stage. The rating would be reassessed as part of the review of the Risk Partnership Register.

The Chair referred to the concerns raised regarding Manchester Service for Independent Living and the need for the service to fully integrate with other health care related services. In view of the concerns on the partnership and the request to reconsider the priority given for audit work, officers were asked what action would be taken. It was noted that although governance arrangements concerning systems and processes within the organisation had improved the Service Level Agreement relating to the Council and three Clinical Commissioning Groups (CCG) was awaiting ratification.

It was reported that officers would look into the audit of Manchester Service for Independent Living in light of the comments made and would revisit the existing audit assumptions. A watching brief would be maintained on the partnership with a further update in the report to be submitted to the meeting of the Committee on 11 February 2019. A check would also be made on the position of the Service Level Agreement sign off.

A member referred to delays in the provision of wheelchairs and requested officers to include information on this situation as part of the review.

### **Decisions**

1. To note the progress made to improve the governance arrangements in the partnerships detailed within the report submitted.
2. To note the comments received in respect of Manchester Service for Independent Living and request officers to undertake a review of the audit assumptions made on Manchester Service for Independent Living and provide an update on the partnership for the meeting of the Committee on 11 February 2018.

### **AC/18/56 Treasury Management Interim Report 2018-19**

Members considered the report of the City Treasurer that provided Members with information on the Treasury Management activities of the Council during the first six months of 2018-19. The City Treasurer introduced the report by stating that the Housing Investment Fund would transfer to GMCA before the next financial year end; based on the forecast cash flow, that the level of temporary deposits will continue to fall and that therefore the Council will need to borrow further funding during 2018/19; and On 10 November 2017 DCLG (now MHCLG) published a consultation on changes to the guidance on local authority investments and Minimum Revenue Provision (MRP).

In response to question from a Member regarding the European Investment Bank (EIB) the City Treasurer stated that borrowing from the EIB was made against infrastructure projects and a decision on these was pending.

The City Treasurer said that the requirement for local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of

borrowing that has been committed to generate that income was a positive development that will allow for a more transparent reporting mechanism.

In response to a question from the Chair regarding the ten changes to the statutory guidance published by the MHCLG the City Treasurer said that she broadly welcomed these, however expressed caution that they should not place too many restrictions on Local Authorities ability to borrow or invest if one or two Local Authorities acted irresponsibly. When asked the external auditor said that the changes did not present any concerns to them.

The Chair commented that the glossary that had been provided with the report was very beneficial for the lay reader.

### **Decision**

To note the report submitted.

### **AC/18/57 External Audit Progress Report and Update**

Members considered the report of Mazars, the Councils appointed external auditor that provided the Committee with an update in progress in delivering their responsibilities for the 2018/19 audit as the external auditor. The report detailed the areas of activity and the timescales for delivering and reporting on these. The report further highlighted national publications and guidance that are relevant to the work of the Committee.

The External Auditor commented that work was ongoing as described and the Audit Plan will be reported to a future meeting of the Committee.

A Member asked if the Transformation Guidance for Audit Committees applied to partners noting that many of the principals described should be considered by partners such as the Local Care Organisation. The External Auditor replied that the guidance had been produced primarily for Audit Committees to help them consider how they could robustly challenge and monitor transformation projects, noting that in many cases transformation programmes rely on new technologies and online services, and are highly ambitious and have a high risk of failure.

The Chair commented that the 'Our Manchester' approach was dependant on people and influencing behaviour change to transform the organisation and delivery of services.

### **Decision**

To note the report submitted.

### **AC/18/58 Progress Report on Manchester City Council's Commissioning and Contract Management**

The Committee considered the report of the City Treasurer that summarised progress against the actions set out in the contract management improvement work plan approved by the council's Senior Management Team on 27 February and the recommendations of the Audit Committee in January 2018.

The Head of Integrated Commissioning introduced the report, stating that a great deal had been achieved in the last seven months in relation to governance, monitoring and accountability, with notable progress on completion and analysis of contract registers, the development of standard products and processes, and growing awareness and tools for monitoring social value in contract delivery.

The Head of Integrated Commissioning stated that work was also ongoing with health partner in the Manchester Health and Care Commissioning (MHCC) and the Local Care Organisation, however the scale and complexity of the challenge should not be underestimated, given the number, value and variety of external contracts, the Council's ambition for delivering for Manchester residents, and the pressing need to maximise value for money. The report noted that this was a long-term improvement programme, and there remained much work to be done.

A member commented that she welcomed the establishment of a standard contract register as a mechanism for the efficient monitoring of contracts. She commented that this would enable conversations to be had with local, smaller suppliers to encourage them to bid for contracts noting that it was important that barriers to doing this needed to be removed. The Head of Integrated Commissioning stated that this was being undertaken as the new model supported this approach.

In response to Members questions the Head of Integrated Commissioning informed the Committee that she would circulate the figures of how many contracts existed per Directorate and information on those contracts that were rated as either Gold, Silver or Bronze as assessed for their criticality. The Chair welcomed this, noting that this may inform future work of the Committee and if necessary the Committee may wish to consider referring matters to the appropriate Scrutiny Committee.

A Member requested further information on the Directorates that would develop forward commissioning pipelines on the basis of risk and criticality, and reflect in service and budget plans, with first drafts to be completed by December 2018, to be combined in City Council and MHCC forward planning. The Head of Integrated Commissioning said that this would be shared with Members, mindful that some information was commercially sensitive and advice on this would be provided.

The City Treasurer responded to comment from a Member regarding staff training to manage contracts noting that the Council currently commissioned and procured over £0.5bn of services from third parties, the scale of which illustrates the importance of this function by saying that this has been identified as a priority workforce development and funding had been identified to deliver staff training.

In response to a question from the Chair the Head of Integrated Commissioning confirmed that the reported £0.5bn was for the procurement of a variety of services, such as homecare, highways and children's services for example and not capital

expenditure and was an annual figure. The Chair commented that this was a significant amount of money and highlighted why this activity was so important.

A Member asked how much money was being saved currently and what future saving would be realised by delivering this approach to commissioning and contract management. The Head of Integrated Commissioning said that work was ongoing with each Directorate so that they are prepared for the re procurement of services and the awarding of new contracts and commented that any savings achieved would be retained by the relevant service Directorate budget. She said that work was ongoing to prioritise high risk areas and opportunities for achieving savings from existing contracts were being explored. She said savings would be achieved long term through a more robust, timely and efficient monitoring and management of contracts. She made particular reference to the Neighbourhoods Directorate who had embraced and developed a very good model to review their contracts that would be shared with other Directorates to support them with this activity and influence behaviour change.

In response to a question asked by the Chair the Head of Integrated Commissioning reported that those contracts that had been identified for priority review were as a result of them being because they were time sensitive or had been identified by the Senior Management Team to achieve specific strategic objectives. She said priorities would be reviewed each year taking into consideration budget priorities and strategic plans.

The Chair noted the reported progress and requested that future update reports on this important area of work contained examples.

### **Decision**

To note the report submitted.

### **AC/18/59 Annual Audit Letter for Year Ending 31 March 2018**

Members considered the Annual Audit Letter from the Council's previous external auditor (Grant Thornton) for the year ended 31 March 2018.

The Chair thanked Grant Thornton for the hard work of the staff involved with the external audit of the Council's finances and the help and advice the company had provided to the committee during this working relationship.

### **Decision**

To note the Annual Audit Letter.

### **AC/18/60 Work Programme and Audit Committee Recommendations Monitor**

The report of the Governance and Scrutiny Support Unit which contained responses

to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

**Decision**

To note that the Work Programme and Recommendations Monitor will be updated for the next meeting of the Audit Committee.

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# Audit progress report

## Manchester City Council

10 December 2018





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- 1. Audit progress**
- 2. National publications**

This document is to be regarded as confidential to Manchester City Council. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

# 1. AUDIT PROGRESS

## Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

## Audit progress

This is our second progress report in respect of the 2018/19 audit year. Our key audit stages are summarised in the diagram shown overleaf.

We have met with senior members of your finance team, including the City Treasurer and Deputy, to discuss emerging issues, audit process and to agree timescales for the completion of our audit work. We have also met with the Internal Audit Team. Regular liaison meetings will continue throughout the year.

We have concluded our initial planning procedures and have a draft Audit Strategy Memorandum (Audit Plan) which we will agree with management and present to the next Audit Committee in February 2019.

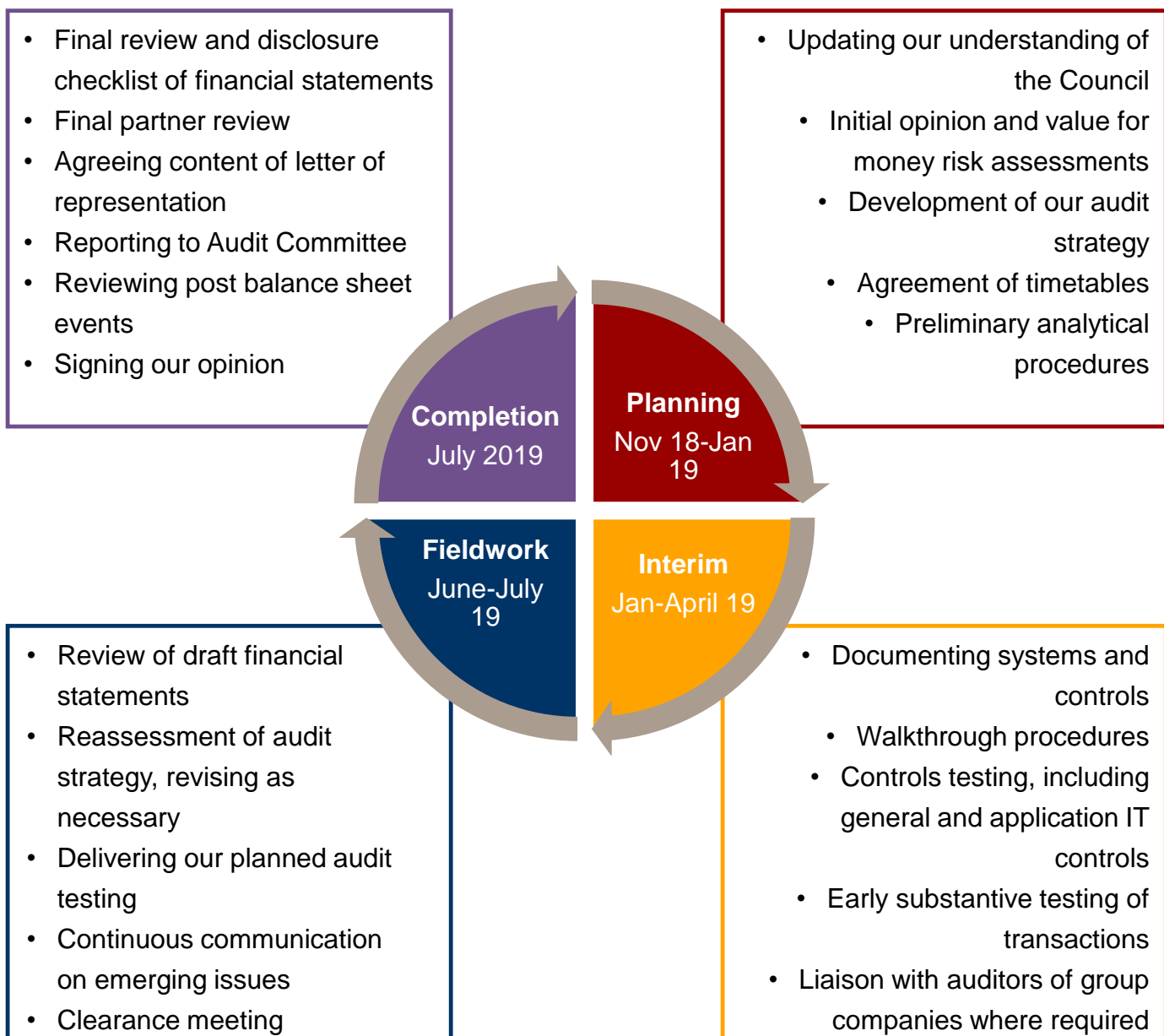
During our November interim visit we have met with the relevant officers and documented the processes for key entries in your financial statements. We have reviewed accounts payable and receivable, rents, council tax, business rates, payroll, housing benefits, and treasury management. We have also held preliminary meetings to understand the land and buildings valuation process and related party transaction disclosure process. We have commenced initial Value for Money procedures including initial risk assessment.

We have provided a schedule of working papers that will be required for the audit together with access to secure data transfer software for documents.

There are no significant matters arising from our planning or interim work that we are required to report to you at this stage.

We are working with Grant Thornton, your predecessor auditor, as part of the handover process to ensure a smooth transition for your finance team. We have reviewed their 2017/18 audit working papers to obtain necessary assurance over opening balances etc.

# 1. AUDIT PROGRESS



## 2. NATIONAL PUBLICATIONS

	Publication/update	Key points
<b>National Audit Office (NAO)</b>		
1.	<b>Departmental overview – Ministry of Housing, Communities and Local Government</b>	Focus on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation.
2.	<b>Departmental overview – Local authorities</b>	The main body of the report covers: financial sustainability, housing and homelessness, and adult social care.
3.	<b>Exiting the EU</b>	The NAO has published a number of reports on the exit from the EU during 2018.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>		
4.	<b>Statement expressing concerns with Councils funding commercial investment through borrowing</b>	CIPFA statement and link to article.
5.	<b>Local Authority Leasing Briefing 3</b>	Key issue for local authorities and statement of accounts.
<b>Public Sector Audit Appointments Ltd (PSAA)</b>		
6.	<b>Report on the results of auditors' work 2017/18: Principal local government and police bodies</b>	Manchester City Council met the deadline. Report notes encouraging results across the country.
7.	<b>Consultation on 2019/20 scale of fees for opted-in bodies</b>	2019/20 fees proposed to remain the same as 2018/19, being £159,519 for Manchester City Council.
8.	<b>Oversight of audit quality, quarterly compliance reports</b>	No significant issues.

## 2. NATIONAL PUBLICATIONS

### 1. Departmental overview: Ministry of Housing, Communities and Local Government (MHCLG), NAO

The Departmental Overview is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities setting out how it is structured, how it spends its money, and its major programmes. It also covers key developments in its areas of work, including exiting the European Union, and findings from recent NAO reports.

The main body of the report focuses on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation. The report concludes by setting out future developments, risks and challenges impacting on MHCLG.

The report also includes a section on the Department for Exiting the EU (pdf page 8).

<https://www.nao.org.uk/report/departmental-overview-ministry-of-housing-communities-and-local-government-2017-18/>

### 2. Departmental overview: local authorities, NAO

The report summarises the work of local authorities, including:

- what they do and how they are organised;
- the system of accountability;
- where they get their funding and how they spend their money; and
- major programmes and developments across local authorities' main business areas and services.

The main body of the report covers: financial sustainability; housing and homelessness; and adult social care.

The overview addresses further developments in the sector, including those on 'fair funding', empty homes and the government's new Rough Sleeping Strategy will be driven by local authorities. It draws attention to the synergies required across local authorities and with MHCLG for the successful implementation of these programmes.

<https://www.nao.org.uk/report/departmental-overview-local-authorities-2017-18/>

## 2. NATIONAL PUBLICATIONS

### 3. Exiting the EU, NAO

The National Audit Office has produced a number of publications on the UK's exit from the EU, including:

- The UK border: preparedness for EU exit;
- Department for Environment, Food and Rural Affairs;
- Department for Transport;
- Consumer protection, competition and state aid; and
- Exiting the EU: the financial settlement.

[https://www.nao.org.uk/search/pi\\_area/exiting-the-eu/type/report](https://www.nao.org.uk/search/pi_area/exiting-the-eu/type/report)

### 4. Statement expressing concerns with Councils funding commercial investment through borrowing, CIPFA

The Committee may be interested to note the CIPFA statement issued recently expressing concerns around commercial investment. The statement raises concerns with potential practices related to borrowing to fund commercial investment. CIPFA confirm in the statement that they will be issuing further guidance on the issue shortly.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/statement-from-cipfa-on-borrowing-in-advance-of-need-and-investments-in-commercial-properties>

<https://www.publicfinance.co.uk/news/2018/10/cipfa-warns-councils-over-serious-commercial-activity-concerns>

### 5. Local Authority Leasing Briefing 3, CIPFA

This briefing focuses on discount rates, lessor accounting, disclosure requirements, concessionary leases – lessees and the measurement of the service concession arrangement (Private Finance Initiative/Public Private Partnership) liability.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings>

## 2. NATIONAL PUBLICATIONS

### 6. Report on the results of auditors' work 2017/18: Principal local government and police bodies, PSAA Ltd

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers at 495 principal local government and police bodies for 2017/18.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 87 per cent of audited bodies received an audit opinion by the new deadline.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The most common reasons for auditors issuing non-standard conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates – 16 bodies;
- corporate governance issues – 12 bodies;
- financial sustainability concerns – 6 bodies; and
- procurement/contract management issues – 5 bodies.

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

### 7. Consultation on 2019/20 scale of fees for opted-in bodies, PSAA Ltd

Public Sector Audit Appointments (PSAA) has published its consultation on the 2019/20 scale of fees for principal local government bodies that have opted into the appointing person arrangements.

The consultation proposes that scale audit fees for 2019/20, the second year of the five-year appointing period, should remain the same as the fees applicable for 2018/19. PSAA will review and update its assumptions and estimates each year, and consult on scale fees for the following year.

<https://www.psa.co.uk/audit-fees/2019-2020scaleoffees/>

### 8. Oversight of audit quality, quarterly compliance reports 2017/18 PSAA Ltd

There are no significant issues arising in the latest quarterly compliance report issued by PSAA.

<https://www.psa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality>



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**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 10 December 2018  
**Subject:** Draft Code of Corporate Governance  
**Report of:** Deputy Chief Executive

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**Summary**

This report proposes a revised draft Code of Corporate Governance which is in accordance with published guidance. Compliance with this Code will be monitored on an annual basis through the Council's Annual Governance Statement.

**Recommendations**

Audit Committee is invited to comment on the Council's draft governance standards set out in the draft Code of Corporate Governance.

The Code will subsequently be submitted to Council for approval within the Constitution.

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**Wards Affected:** All

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## 1. Introduction and Context

- 1.1 The Accounts and Audit Regulations 2015 require local authorities to conduct at least annually a review of the effectiveness of their governance framework including their systems of internal control. This review must be documented in an Annual Governance Statement (AGS) and published as part of the Council's Annual Accounts. The Statement must be prepared in accordance with proper practices, including those set out in CIPFA and IFAC's<sup>1</sup> *"Delivering Good Governance in Local Government: Framework (2016)"*.
- 1.2 The Framework has applied to Annual Governance Statements prepared for the financial year 2016/17 onwards. The AGS involves an assessment of the extent to which the Council has adhered to the governance standards set out in its Code of Corporate Governance (the Code).
- 1.3 In 2016 the Council's Code was fully updated in accordance with the revised Framework. Alongside the CIPFA principles, the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our Manchester was therefore also integral to the way the standards in the Code were defined when it was reviewed. CIPFA have highlighted the Council's approach to its Code as an example of good practice.
- 1.4 It is necessary to keep the Code under review to ensure the contents remain accurate, up to date, and that they reflect all applicable relevant legislation. While substantial changes are not proposed for this update of the document, some amendments are required. Changes include;
- Inclusion of GDPR (General Data Protection Regulation) and DPA (Data Protection Act) 2018.
  - Wording to reflect updated policies, such as the Capital Strategy and GMCA (Greater Manchester Combined Authority) policies.
  - Additional wording to note the Council's commitments in relation to delivering sustainable economic, social and environmental benefits which strengthens the links between the Code and the evidence base included in the AGS.
  - An expanded explanation of how the Council achieves intended outcomes, for example by considering Social Value through procurement.
- 1.5 The Code sets out the governance standards for the Council but deliberately does not include details of how these standards will be achieved. This will be described in the next Annual Governance Statement which will set out evidence of compliance for each different aspect of the Code. Audit Committee is invited to review the draft Code and comment on the extent to which it feels the governance standards described are the right ones for the Council.

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<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy. IFAC is the International Federation of Accountants.

- 1.6 The Council's Constitution notes the role of Audit Committee in considering revisions to the Code. The Code itself details the responsibility of the Committee for approving the Council's annual accounts, responding to the External Auditor's Annual Audit Letter, in addition to overseeing the effectiveness of the Council's governance and risk management arrangements, the internal control environment and associated anti-fraud and anti-corruption arrangements.
- 1.7 The Code was submitted to Standards Committee on 1 November 2018, where the decision was to welcome and endorse the proposed revised draft. A revision has been made to strengthen the wording in respect of the responsibilities of Councillors arising from General Data Protection Regulation (GDPR), in response to comments at the Committee.

## **2. Next Steps**

- 2.1 The Code forms part of the Council's Constitution, and will therefore be submitted to Council for proposed adoption and inclusion within a revised Constitution at its meeting on 30 January 2019.

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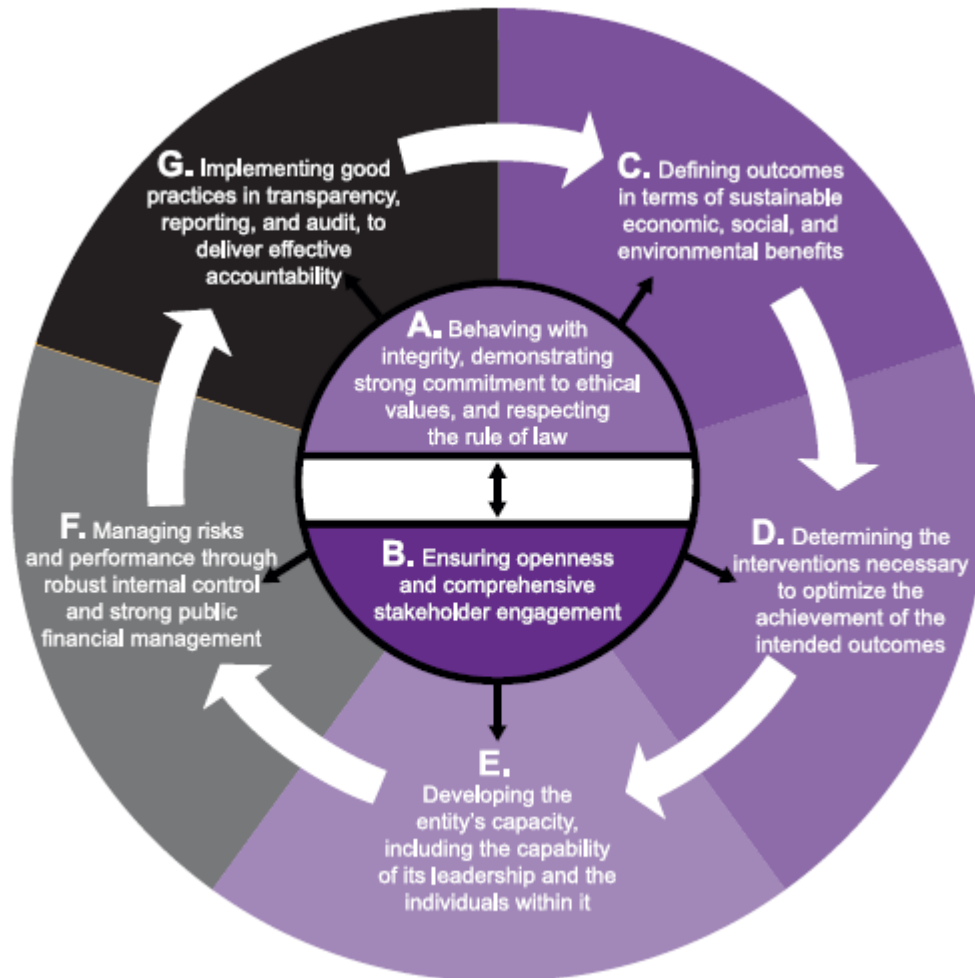
# **SECTION G**

## **MANCHESTER CITY COUNCIL**

### **CODE OF CORPORATE GOVERNANCE**

## Introduction

The Code of Corporate Governance sets out the Council’s governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, effective, honest and accountable manner. The Code is based upon the following principles



These principles are taken from the ‘International Framework: Good Governance in the Public Sector’ produced by CIPFA/IFAC<sup>1</sup>. The Framework is based on the principles in the inner circle permeating and being evident throughout the application of the principles in the outer circle. The diagram also illustrates that good governance is dynamic and involves continuous evaluation and review.

The International Framework describes governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy. IFAC is the International Federation of Accountants.



The Council is committed to ensuring its approach to good governance can easily be understood by all. The Council and the Manchester Youth Council worked together to produce the following summary of the Council's commitment to good governance:

1. **We will** clearly set out our objectives and what we are trying to achieve.
2. **We will** measure how effective our services are and take action to improve them. We will publish information showing how we are progressing towards our objectives.
3. **We will** work with other public services, such as the Police and NHS, to improve services for Manchester residents.
4. **We will** ensure we make the best use of taxpayers' money by taking prudent financial decisions and measuring the level of value for money we achieve.
5. **We will** set out in our Constitution who can take which decisions.
6. **We will** behave in ways that reflect our values and high standards of conduct.
7. **We will** ensure people in the Council making decisions have access to accurate information to help them take decisions in the best interests of Manchester people.
8. **We will** record and publish the decisions we take and the reasons for them. Wherever possible, we will take the most important decisions in public.
9. **We will** carry out scrutiny of our services to make sure they meet our residents' needs.
10. **We will** be sensitive about how we collect and record information about citizens of Manchester and safeguard it from misuse.

### **Principles of Governance in the Greater Manchester Combined Authority**

This Code of Corporate Governance describes the governance standards in place for Manchester City Council. The [Greater Manchester Combined Authority](#) reviews its own Code of Corporate Governance annually. Changes reflect the new governance arrangements needed as it takes on responsibilities for further new functions subsequent to the original Devolution arrangements. The GMCA's most recent powers which relate to the functions of the former Waste Disposal Authority came into force on the 1st April 2018 and follow the mayoral powers of 2017/18. GMCA's Code is published on its website as part of its [Constitution](#).

Manchester City Council, along with the other nine local authority members of the Greater Manchester Combined Authority, has signed an [Operating Agreement](#) with the GMCA setting out their intention to co-operate with each other in the exercise of their functions and in particular their transport, economic development and regeneration functions, and the basis on which this will be done.

# The Council's Corporate Governance Principles

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

### Behaving with Integrity

The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct that is put into practice by members and officers alike.

The Council has adopted a new approach ('Our Manchester') which includes four central principles that underpin everything the Council does, including how it works with partners, how it makes decisions and how it serves local communities;

- **Better lives** – it's about people
- **Listening** – we listen, learn and respond
- **Recognising strengths of individuals and communities** – we start from strengths
- **Working together** – we build relationships and create conversations

The Our Manchester approach puts people at the centre, recognising that people are more important than processes, procedures or organisational boundaries.

The leadership of the Council embodies these values and creates a climate of openness, support and respect that covers the whole organisation. It establishes, monitors and maintains the organisation's ethical standards and performance.

The ['Our People'](#) Strategy articulates what the expectations of the Council's workforce are, in order to make Our Manchester a reality. This identifies four core behaviours which are central to working in an Our Manchester way;

- We work together and trust each other
- We're proud and passionate about Manchester
- We take time to listen and understand
- We 'own it' and we're not afraid to try new things

The Council is committed to maintaining its values and integrity and operates a whistle-blowing policy to ensure that individuals who draw attention to factors that compromise the Council's integrity are adequately protected and supported in doing so.

### Demonstrating Strong Commitment to Ethical Values

The Council operates a voluntary [Standards Committee](#), composed of elected Members and independent co-opted members, with responsibility for promoting and maintaining high standards of conduct by Members, assisting Members to observe the Member Code of Conduct, overseeing the Council's Whistleblowing Policy and monitoring the Member/Officer Protocol.

The leadership of the Council puts in place robust policies and procedures which put its values into practice, these include:

- A [Member Code of Conduct](#) and arrangements for determining allegations that a Member has acted in breach of the Council's Member Code of Conduct, as required by the Localism Act 2011.
- An [Employee Code of Conduct](#) which makes it clear what standards are expected from staff across the organisation in the performance of their duties.
- A Member / Officer Relations Protocols providing guidance on how the working relationships between Members and officers should be conducted.
- Use of Council resources guidance for members which clarifies how Council resources should be used and how to avoid the inappropriate use of resources.
- A [Register of Members' Interests](#), in which Members' disclosable pecuniary interests, personal interests and prejudicial interests (as defined in the Member Code of Conduct) are registered. This includes gifts and hospitality received by elected Members.
- [Registers of Gifts and Hospitality](#) making it clear what gifts and hospitality have been received by officers.
- Registers of interests declared by officers in relation to Council contracts.
- Systems for reporting and dealing with any incidents of wrongdoing including fraud, corruption, bribery and money laundering.

The Council insists its commitment to its values and integrity is shared by external suppliers delivering services on its behalf as stated in its approach to [Ethical Procurement](#) policy.

### **Respecting the Rule of Law**

The Council appoints a Monitoring Officer (the City Solicitor) who is a member of the Strategic Management Team. The Monitoring Officer ensures that decisions are taken in a lawful and fair way and agreed procedures are followed and that all applicable statutes, regulations and procedure rules are complied with.

The Council uses its legal powers, including the '[general power of competence](#)' to promote its values and priorities to the full benefit of the citizens and communities in Manchester. The Council will have full regard to the extent of its powers and not act beyond them, and will observe specific requirements in legislation as well as general responsibilities of public law.

The Council's decision making process will adhere to the principles of good administrative law, respect human rights and demonstrate rationality, legality and natural justice.

The Council puts in place measures to address breaches of its legal and regulatory powers. The Council's Monitoring Officer (the City Solicitor) has statutory reporting duties in respect of unlawful decision making and maladministration. Similarly, the Chief Finance Officer (the City Treasurer) has statutory reporting duties in respect of

unlawful and financially imprudent decision making. These duties are detailed at, respectively, Article 12.3(b) and Article 12.4(a) of the Council's Constitution.

The Council appoints Statutory Officers that have the skills, resources and support necessary to perform effectively in their roles. These statutory officers include:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (City Solicitor)
- Chief Finance Officer (City Treasurer)
- Director of Children's Services
- Director of Adult Social Services
- Director of Public Health
- Deputy Chief Finance Officer (Deputy City Treasurer)
- Deputy Monitoring Officer (Deputy City Solicitor)
- Scrutiny Officer (Governance and Scrutiny Support Unit Manager)

The Council supports these statutory officers as well as other key post holders and elected members to fulfil their responsibilities within legislative and regulatory requirements.

## **B. Ensuring openness and comprehensive stakeholder engagement**

### **Openness**

The Council sets out in this Code, its Constitution and in its Annual Governance Statement its commitment to openness.

Decisions taken by Council (in this case referring to the meeting of Council attended by all Councillors), as well as those taken by Committees or by the Executive are [recorded](#) (alongside the reasons and the evidence considered) and, subject to limited exemptions, made in public and information relating to those decisions is made available to the public. This includes access through [live webcasts](#) of Council and Committee meetings which remain online for six months.

The Council ensures that its most significant executive decisions (defined as [key decisions](#)) are recorded and, subject to limited exemptions, information relating to the reasons and evidence considered is made available to the public. The Council publishes notification of its intention to take key decisions through [the Register of Key Decisions](#).

The Council holds its Council and Committee meetings, and meetings of the Executive, in public with the agenda and public reports and minutes available on the Council website. However, certain exclusions apply where there is a need to protect confidential information or where certain categories of exempt information are being considered. The Council allows for people to make comments live through social media. Its approach in this area is consistent with the requirements of Part 5A of the Local Government Act 1972 and of the [Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#).

The Council informs, consults and involves [residents or representatives of residents in significant decisions](#) and their views are submitted to those making decisions for consideration.

### **Engaging Comprehensively with Institutional Stakeholders**

The Council develops and maintains relationships with leaders of other organisations across the private, public and voluntary sector contributing to the vision for the city, including through the [Our Manchester Forum](#). Members of the Forum apply their experience and expertise in key partnerships at either Manchester or Greater Manchester level to benefit the city and actively drive forward the city's priorities as set out in the Our Manchester Strategy.

The Council maintains a [Partnership Governance Framework](#) that defines and standardises its approach to managing its partnerships, in order to help strengthen accountability, manage risk and ensure consistent good practice across its partnerships. This helps ensure the purpose, objectives and intended outcomes for each are clear.

In support of its application of the framework, the Council maintains a [Register of Significant Partnerships](#) listing all the Council's key partnership arrangements and assessing the strength of their governance arrangements. The Council will ensure Members and Officers are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships they are involved in and to the authority.

### **Engaging with Individual Citizens and Service Users Effectively**

The Council strongly believes that consultation, co-design and co-delivery of services is the best way to deliver services that work for Manchester residents. The Council consults communities, individuals, service users and other stakeholders whenever there is a legal duty to do so, such as in setting the budget, or there is a reasonable expectation that it will, such as where it has consulted on similar matters in the recent past, or where the views of the public and service users will be valuable in informing decisions or the future service delivery model. The Council also talks with residents regularly on a wide variety of issues and topics.

As part of its Our Manchester approach the Council focuses on 'strengths based' conversations with residents and communities, to draw out and start from what the positive assets of people and places are. This could be said to be using the principle of a conversation that is centred on "what's strong" rather than "what's wrong".

The Council informs, consults and involves residents of Manchester on issues of interest to them, including through the [Council's online consultation portal](#), and maintaining effective channels for dialogue and debate, including live streaming of Council and Committee meetings and a wide mix of social media. This includes Facebook, Twitter, Vimeo, Youtube, Instagram and LinkedIn.

When conducting consultations the Council strives to balance the feedback it receives from more active stakeholders with that from less active stakeholders through monitoring responses by age, gender, location, ethnicity, sexuality and other factors and delivering targeted promotion where required to ensure that the sample of respondents is representative of the city as a whole.

The Council adopts a "You Said ... We Did" approach to consultation and promotes material advising the public and other stakeholders of the key findings from consultations and how they have been taken into account.

The Council has an online survey for Manchester residents so that it can access an up-to-date summary of the views of citizens on the city, their neighbourhood and the delivery of public services.

The Council is committed to considering and acting upon feedback from citizens and service users and so maintains effective [complaints and compliments handling](#) and monitoring procedures so that it can identify where improvements in service delivery are needed and learn effectively from the complaints it has received.

The Council takes account of the impact of decisions on future generations of tax payers and service users, its commitment to doing so is matched by the commitment

of the members of its Youth Council, which acts to ensure young people have a stronger voice enabling them to make their views heard and to be involved in decision making in the city. The Council also uses relevant communication channels that younger people are more likely to engage with.

The Council is committed to the Age-Friendly Manchester partnership, involving organisations, groups and individuals and which has helped to create a city that's recognised by the World Health Organization as a great city to grow older in. The Age-Friendly Manchester Older People's Board includes and represents older people, addressing issues affecting the quality of life for older residents and their communities across Manchester. The Council works jointly with older people and health services to develop age-friendly neighbourhoods.

The Council as an organisation, and the elected Members that make it up, share a common understanding of their respective roles regarding community engagement and work together to ensure the organisation understands and can effectively respond to local issues and concerns, through mechanisms such as ward co-ordination.

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

### Defining Outcomes

The [Our Manchester Forum](#), following an extensive public consultation in 2015, developed a 10 year strategy for the city – the [Our Manchester Strategy](#) as well as a new approach to delivering functions – the Our Manchester approach. The Our Manchester Strategy sets out a vision of Manchester as:

- A Thriving and Sustainable City
- A Highly Skilled City
- A Progressive and Equitable City
- A Liveable and Low Carbon City
- A Connected City

Progress towards the vision described in the strategy is being monitored through the Forum's annual [State of the City](#) publication which comprises and analyses key performance indicators.

The Our Manchester Strategy sits at the heart of the Council's [budget and business planning process](#). Through this process the Council allocates resources to progress towards the vision for the city in the most effective and efficient way. The Council sets a [Medium-Term Financial Strategy](#) which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead. The Council is committed to consulting the people of Manchester and local businesses in the design of its budget proposals to understand service user's expectations and to inform service users of financial limitations.

It also sets objectives for each directorate as well as the performance monitoring framework that will be followed to track progress towards these objectives from the perspectives of finance, performance, workforce development, equality and risk.

The Council is committed to regularly reviewing its reporting methods, to ensure that they remain as efficient and effective as possible. New, more concise and timely integrated reporting compiles workforce, performance, and budget monitoring, leading to a single view of success and challenges based on multiple information sources. The development of this reporting has supported leaders in the organisation to respond rapidly to dips in performance or budget pressures. This new method at the heart of the Council's management systems has helped to strengthen governance of service delivery.

The city's role in delivering Our Manchester will provide a key element of support for the linked objectives of the Greater Manchester Combined Authority (GMCA), as set out in the Strategy launched in October 2017; ["The Greater Manchester Strategy – Our People, Our Place"](#).

### Sustainable Economic, Social and Environmental Benefits

The Council is committed to considering the full combined economic, social and environmental implications of its decisions through thorough data analysis and



consultation with affected parties so that its decisions advance the achievement of the city's vision. The Our Manchester Strategy is an integral part of the Council's decision making process. The Council will set out in reports recommending a decision, the impact the decision will have on the five broad objectives in the Our Manchester Strategy.

The Council's budget and business planning process involves equality action planning. Under this process the Council sets out how it will work towards its agreed [Equality Objectives](#) and where Equality Impact Assessments are required to assess the impact of proposals which may have an impact on different communities of interest across the City. The Council strives to ensure fair access to services, which services monitor individually, and the extent to which this is occurring corporately is shown through the biennial '[Communities of Interest](#)' publication (future publications will be called 'Communities of Identity').

The Council is committed to working with partners to play its part in delivery of the pledge in the Our Manchester Strategy that *'Manchester will play its full part in limiting the impacts of climate change and by 2025 will be on a path to being a zero carbon city by 2050'*.

The Council works to deliver 'Inclusive Growth', i.e. growth which is of benefit to all the people who live in the city. Programmes are explicitly designed in ways which seek to ensure that local people benefit from the wider growth in the city's economy.

The Council acknowledges that alongside the strengths and assets of the city and its residents, challenges such as poverty, deprivation, low skills and unemployment still exist, and can be concentrated in certain areas in the city. By a combination of co-design of strategy with input from partners and residents, backed by evidence based on research and intelligence, it endeavours to enact policy which will lead to progress towards the aim of a becoming a more progressive and equitable city.

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

### **Determining Interventions**

Decision makers receive accurate, relevant and timely performance information and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery.

The Council is committed to seeking continuous feedback from citizens and service users both in planning service changes and improvements whether through its online resident's survey, consultation or bespoke feedback gathering.

Delegation of decision making to officers is detailed in the Constitution so that they can deal with the day-to-day running of services without the need to constantly refer matters back to Elected Members. Details of what decisions are taken in this way are included in the Scheme of Delegation in the council's Constitution. Further specific delegations may be granted through recommendation in public reports to Committees.

### **Planning Interventions**

The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication.

This is facilitated through the Manchester Partnership which comprises Thematic Partnerships supporting delivery agencies across the city to co-ordinate their activity and consider how they can collaborate to reduce risks to achieving their outcomes. The Thematic Partnerships include:

- [Children's Board](#)
- [Community Safety Partnership Performance Board](#)
- [The Health and Wellbeing Board](#)
- [The Neighbourhoods Board](#)
- [Work and Skills Board](#).

The effectiveness of the Council's interventions and the quality of its services is monitored through the provision of regular performance reports showing progress towards goals and targets set in the budget and business plan.

### **Optimising Achievement of Intended Outcomes**

The Council is committed to integrating and balancing service priorities, affordability and other resource constraints supporting it to take into account the full cost of operations over the medium and longer term. This is documented in the [Medium Term Financial Strategy](#) which sets the context for the Council on significant ongoing financial challenges as well as external changes, such as changes to local

government funding arrangements that are planned or forecast to arise during the planning period. The context and documents which support the overall strategy are set out in the [Efficiency Plan](#), published on the Council's website as required by Government for a four year financial settlement.

Our Manchester requires an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. Therefore the Council's five-year [Capital Strategy](#) forms a critical part of strategic and financial planning.

The Council procures goods and services in compliance with EU, UK and Council regulations and ensure that value for money is obtained through a balanced consideration of social, economic and environmental impacts that can be derived from procurement spend.

The Council considers [Social Value](#) at pre tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender submissions. Through this process the Council considers how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement.

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

### **Developing the Organisation’s Capacity**

The Council monitors on an ongoing basis its governance and staffing structures to support the delivery of planned services and proactively plans for the future. Through its budget process, the Council ensures services are prioritised so that resources are directed to those activities that will make the greatest contribution to the city’s vision.

The Council continually seeks better outcomes from its use of resources by comparing information about functions, expenditure and performance with those of similar organisations and assesses why levels of economy, efficiency and effectiveness are different elsewhere. It acts upon the findings of this intelligence as part of its budget and business planning to ensure continual effectiveness of service delivery.

Where intelligence suggests alternative delivery methods, such as the establishments of partnerships or other types of collaborative working with other organisations, will lead to improved value for money these are explored.

In line with its Our People Strategy, the Council develops and delivers workforce plans which set out actions to ensure the workforce has the necessary skills and behaviours to deliver the vision for the city and are effectively engaged to act as champions for the Council’s priorities and approaches.

### **Developing the Capability of the Organisation’s Leadership and Other Individuals**

The Council Leader and Chief Executive have clearly defined roles and maintain a shared understanding of roles and objectives. The Chief Executive leads in implementing strategy and managing service delivery and other outputs set by members. The Chief Executive and Leader provide a check and balance for each other’s authority.

The Council is committed to operating in an efficient and effective way to obtain value for money from its resources. It maintains a [Scheme of Delegation](#) setting out which decisions and powers have been delegated to various Committee and other officers.

So that Elected Members and Senior Officers have a shared understanding of their respective roles the Council has produced [a Protocol governing Member/Officer relations](#).

As part of the Our People strategy, improved staff induction and appraisal processes (“About You”) are in place. These ensure all staff understand the part they will play in delivering the vision for the city in Our Manchester. A ‘Golden Thread’ links individual staff objectives to team plans, directorate budget and business plans and the strategy for the city. As part of the ‘About You’ process staff consider with their line manager what training, development and support they need to succeed in their role.

The Council believes that governance is strengthened by the participation of people with many different types of knowledge and experience. Where external recruitment takes place, individuals from a range of backgrounds and communities are made aware of opportunities to join the Council. The Council is also committed to promoting electoral registration and participation and confidence in the integrity of the electoral process.

The Council is committed to developing the capability of people with governance responsibilities, evaluating their performance and ensuring that all staff understand the importance of governance within their role. As part of this, the Council provides an effective induction and training programme for Members and Officers tailored to individual needs and provides regular opportunities for them to learn about new developments key to their role as well as effective training and guidance for Members and Officers to understand their governance responsibilities. The corporate induction approach is currently being reviewed to further strengthen this area.

The Council is committed to developing all its managers at all stages throughout their careers. Therefore it offers a broad range of courses ranging from those aimed at all new managers, existing managers, and leaders.

The Council is consistent on consulting staff and their representatives on decisions regarding the terms and conditions of employment and the policies staff are subject to.

The Council listens to the views of its staff via the “BHeard” survey, and uses learning from this to make improvements in the way that it operates and communicates. It clearly communicates to its workforce when changes are made resulting from feedback in the survey, using a “You said... we did” approach.

The Council’s Senior Officers and Executive Members run regular “Listening in Action” events where staff have the opportunity to engage with the Council’s senior leadership in question and answer sessions.

The Council is committed to promoting the physical and mental health and wellbeing of the workforce as a core component of the People Strategy through both specific interventions and opportunities and as a central part of the role of all managers. This work is overseen by a cross-Directorate board which also includes representatives from Trade Unions. There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme phone line providing a range of support.

The Council has an open and welcoming approach to external and peer review and inspection and actively considers constructive feedback.

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

### **Managing Risk**

The Council operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The framework is documented in a [Risk and Resilience Strategy](#) which is submitted to the Council's Audit Committee; the strategy involves regular appraisal of the effectiveness of risk management arrangements, involving elected members in the process of doing so. The implementation of the strategy is supported through a programme of risk management training for officers and members. The Council maintains a Corporate Risk Register identifying named risk managers for its key strategic risks.

Risk management is also an integral component of the budget and business planning process, linking risk management to the achievement, monitoring and resourcing of objectives at directorate level.

### **Managing Performance**

The Council puts in place measures to monitor service delivery whether services are delivered internally or through external providers. Key Performance Indicators (KPIs) setting out the effectiveness of services are monitored by service managers to inform and support accountability for delivery. Reports compiling KPIs are submitted to directorate management teams to support transparency and resource allocation to address challenges.

Performance management remains relevant to the organisation through the business planning process where directorate objectives are reviewed, leading to a review of the relevant performance indicators to monitor progress towards them.

Performance of services delivered through external companies is monitored with those providers so that a shared understanding of contract performance is achieved. Similarly the Council monitors performance towards objectives set at a partnership level with key partners providing appropriate support to enable any barriers to continuous performance improvement to be addressed.

Relevant, objective and reliable performance information is used to inform decision making, alongside financial implications and risk information. The Council seeks to continue to innovate with its reporting methods, to ensure that its senior leaders have access to the most concise and timely information, providing a single view of organisational successes and challenges. This supports effective evidence based decision making.

### **Effective Overview and Scrutiny**

The Council believes that effective overview and scrutiny of decisions and delivery of services leads to improved decision making and improved public services. The

Council establishes and maintains an effective [Scrutiny function](#) which is able to constructively challenge decision-makers, including those who work in partnership with the Council, and policy makers.

This scrutiny applies equally to the setting of policy, objectives and budgets as it does to the delivery of services and arrangements for monitoring them.

### **Robust Internal Control**

Internal Control within the Council supports the achievement of objectives by managing risks while complying with regulations and organisational policies. Internal controls seek to protect the Council's resources against loss, fraud, misuse and damage and to safeguard the availability, confidentiality and integrity of its ICT and information systems.

The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti Fraud and Anti Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy.

The Council ensures an independent [Audit Committee](#) is in place which provides a mechanism for effective assurance regarding risk management and the internal control environment.

The Council's internal auditor assesses the overall adequacy and effectiveness of the framework of governance, risk management and control. A summary of the findings is documented in the "Head of Internal Audit Annual Opinion" section of the [Annual Governance Statement](#).

### **Managing Data**

The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation which includes GDPR (General Data Protection Regulation) and the [Data Protection Act 2018 \(DPA 2018\)](#), this will ensure that such processing is carried out fairly, lawfully and transparently.

The Council will review and supplement its policies and also keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).

The Council is committed to safeguarding the personal data it holds and sharing this data only in circumstances required or permitted by law.

The Council will ensure that officers handling personal data will be trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately.

The Council will ensure that all staff handling personal data know when and how to report any actual or suspected data breach, and that Members are made aware of the appropriate procedures. We will appropriately train staff to manage any breach correctly, lawfully and in a timely manner. Breaches will be reported to the ICO where such reporting is mandatory or otherwise appropriate and shall be done within the required timescales.

All resources which staff use to support their understanding of the regulations are set out in plain and clear language, and are easily accessible from one place on the Council's intranet. These resources include information on the 12 Golden Rules, Roles and Responsibilities, Training, and Incidents and Reporting. To supplement and re-inforce the message from information accessible on the intranet, communications and reminders to staff include email broadcasts, posters, and leaflets about the 12 Golden Rules.

Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Owner for the Council (SIRO). The work of the SIRO will be supported at Directorate level by Directorate SIROs ("DSIROs"), who may in turn appoint deputies.

The Council also appoints a Data Protection Officer ('DPO'). The DPO's responsibilities include:

- Informing and advising the Council and its staff about their obligations to comply with data protection legislation.
- Monitoring compliance with data protection legislation, including managing internal data protection activities, advising on data protection impact assessments, training staff and conducting internal audits.
- Co-operating with and acting as the first point of contact for the ICO.

The Council will ensure that:

- The DPO reports to the highest management level of the Council in respect of their duties as DPO.
- The DPO operates independently and is not dismissed or penalised for performing their task.

The Council is committed to sharing appropriate data safely with other agencies; where this improves effective and efficient service delivery, supports its objectives and the vision for the city and is compatible with the rights of individuals.

The Council complies with the [Local Government Transparency Code 2015](#) by publishing accurate data within appropriate time frames in the areas mandated by the Code in the Council's [Open Data Catalogue](#) together with additional data of value to stakeholders and the public.

The Council keeps under regular review the quality and accuracy of the data it produces, and uses in decision making and performance monitoring.



The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

Data protection legislation provides individuals with various rights. An individual's rights include, but are not limited to; 'the right to be informed', 'the right of access' and 'the right of rectification'. The Council recognises the fundamental nature of the individual rights provided by data protection legislation. The Council will ensure that all valid requests from individuals to exercise those rights are dealt with as quickly as possible and by no later than the timescales allowed in the legislation.

### **Strong Public Financial Management**

The Council's approach to Financial Management ensures that public money is safeguarded at all times ensuring value for money. Its approach supports both long term achievement of objectives and shorter term financial and operational performance.

The Chief Finance Officer, the City Treasurer, ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks and controls.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

### **Implementing Good Practice in Transparency**

The Council is committed to publishing information including reports in a manner which is accessible to citizens and other stakeholders. Information is produced in an open and understandable style appropriate to the intended audience and the communication channel, including web-based and social media. The publication of information will strike a balance between satisfying transparency demand and becoming too onerous for users to understand.

The Council maintains a coherent and consistent approach to the management of social media, both with regards to messages sent out from the Council as well as those sent by individual staff members and elected Members, to reduce the risks of any breaches of legislation or reputational damage.

### **Implementing Good Practices in Reporting**

The Council seeks to demonstrate to its stakeholders that it has delivered on its commitments and goals and has used public resources effectively in so doing. To this end it publishes an [Annual Report](#) as part of its accounts, setting out how it has performed, delivered value for money and exercised sound stewardship of resources.

The Annual Report includes performance information accompanying the financial statements that allow for comparison with other similar local authorities to be made. This information is drawn from the Council's Annual [State of the City](#) publication which charts the city's progress towards its vision.

The Council has a legal responsibility to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control and document the findings in an [Annual Governance Statement](#). This evidences how it has complied with CIPFA's "Delivering Good Governance in Local Government (2016)", and includes an action plan identifying what governance challenges it will need to address in the next financial year. The Council also summarises the findings from the review in an easily digestible format within the Annual Report.

### **Assurance and Effective Accountability**

The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. It puts in place arrangements for the implementation of actions agreed to be taken as a result and there is clear oversight from elected members on the conclusions and resultant actions.

The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and its External Auditors bi-annually summarising the Council's performance in implementing recommendations effectively and within agreed timescales.

The Annual Governance Statement contains a section “Annual Review of the System of Internal Audit” which sets out how the Council has gained assurance regarding the effectiveness of its Internal Audit function.

Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee.

## Monitoring and Review

This Code will be reviewed on an annual basis to ensure it is kept up to date. Where the review identifies that changes to the Code are necessary, the revised Code will be submitted to Standards and Audit Committee for comments before being incorporated within the Council's Constitution.

The Council has three Committees that are jointly responsible for monitoring and reviewing the Council's Corporate Governance arrangements. These Committees are:

- [Audit Committee](#) - responsible for approving the Council's annual accounts and responding to the External Auditor's Annual Audit Letter. It also oversees the effectiveness of the Council's governance and risk management arrangements, the internal control environment and associated anti-fraud and anti-corruption arrangements.
- [Resources and Governance Scrutiny Committee](#) – reviews how the Council uses its resources effectively and efficiently to deliver services for Manchester residents. It also looks at governance arrangements of the Council and its partners in the public sector, to ensure the views of local residents and their representatives are reflected in decisions it takes.
- [Standards Committee](#) – responsible for promoting and maintaining high standards of conduct amongst Members, for advising the Council on the adoption and revision of the Code of Conduct for Members, for monitoring the operation of the Code and oversight of the Whistleblowing Policy (with changes approved by Audit Committee).

Full terms of reference for each of these Committees are included in the Council's [Constitution](#). All Members of the Council are informed of the work of these Committees through minutes submitted to Council.

The Council will ensure that corporate governance arrangements are kept under continual review by updating, as appropriate, these Committees on:

- The work of Internal and External Audit
- The opinion of other review agencies and inspectorates
- Opinions from the Council's Statutory Officers
- General matters relating to the implementation of the Code
- The production of the Annual Governance Statement and actions planned to address arising governance issues.

## The Annual Governance Statement

Each year the Council will publish an [Annual Governance Statement](#) to accompany the [Annual Accounts](#). The Statement provides an overall assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in this Code. Evidence relating to the principles of this Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.

The Statement includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control. The Statement also provides details of

where improvements need to be made. Actions to address significant governance issues are identified and recorded in an action plan. The Annual Governance Statement is audited by the Council's external auditors as part of the audit of the annual accounts.

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**Manchester City Council  
Report for Information**

**Report to:** Audit Committee - 10 December 2018

**Subject:** Risk and Resilience Strategy and Corporate Risk Register

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

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**Summary**

It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.

This report supports the Committee in discharging its risk management assurance role by providing an update on:

- progress in delivery of corporate risk management and business continuity objectives;
- the latest refresh of arrangements to provide scrutiny, oversight and leadership of the risk management programme; and
- next steps in review of the Corporate Risk Register.

**Recommendations**

Members are requested to:

- consider the assurance provided by reported progress in the delivery of Risk Management and Business Continuity strategic objectives
  - note the current governance framework and timetable for refresh of the Corporate Risk Register (“CRR”); and
  - receive a further report on the refreshed CRR in February 2019.
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**Wards Affected:** All

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**Contact Officers:**

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**Background documents (available for public inspection):**

- Annual Corporate Risk Management Report and Corporate Risk Register Report. See Audit Committee Thursday 25 January 2018.



## 1. Introduction and Context

- 1.1. Audit Committee receive an annual progress report in relation to delivery of Risk and Resilience strategic priorities. The last report was presented on 25 January 2018.
- 1.2. The annual report usually includes the corporate risk register (“CRR”). The CRR is currently being reviewed as part of the process of 2019/20 business planning refresh; through which, the Council’s directorate and partnership business plans and supporting documents, including risk registers, are being updated. This process is currently underway and will conclude with business planning reports to the Council’s Scrutiny Committees in February. At the same time, the risk register appendices to the business plans will be used to help finalise completion of the CRR.
- 1.3. This paper therefore summarises the following:
- Progress in delivery of objectives set out in the Corporate Risk Management and Business Continuity Strategies 2018-2020.
  - Refresh of governance arrangements to provide scrutiny, oversight and leadership of the risk management programme.
  - Next steps in review of the CRR in the context of links to the Business Planning Framework.

## 2. Risk and Business Continuity Management Strategies: Progress

- 2.1. The Risk Management Strategy (2018-20) and Business Continuity Strategy (2018-20) were presented to Audit Committee on 25 January 2018. The strategies set out the work programmes for development of the risk and resilience capability across the Council with high level objectives and work programmes to be delivered.
- 2.2. Progress in delivery is as follows:

Objective	Progress Summary	Target Completion
<b>RISK MANAGEMENT OBJECTIVES 2018-2020</b>		
Re-engineer the corporate support model for risk management and business continuity to ensure that support is focused at the areas of highest strategic need’	<p>Complete</p> <p>The overall model that focuses risk and resilience resources towards areas of corporate need is fully operational.</p> <p>Support to directorates has been refocused in providing facilitation, support and challenge in relation to the maintenance of directorate risk</p>	<p>All required actions completed to date.</p> <p>Given nature of programmes this work will continue into 2019/20</p>

Objective	Progress Summary	Target Completion
	<p>assessments and support to the development of the annual directorate delivery plan.</p> <p>In 2018/19 the Risk and Resilience Team committed resource to support delivery of the following corporate priorities:</p> <ul style="list-style-type: none"> <li>• Our Town Hall Project</li> <li>• General Data Protection Regulation</li> <li>• Liquid Logic Implementation</li> <li>• ICT Disaster Recovery Programme</li> <li>• Health and Social Care integration</li> <li>• High level projects and programmes such as Russell Road Extra Care Project</li> <li>• Work Area Recovery (workplace resilience) Programme</li> </ul>	
Fully develop a high level governance framework that articulates Council approach to risk assurance.	<p>Governance and Assurance Group chaired by City Solicitor to lead on risk governance and oversee the review of the CRR.</p> <p>Risk management on agenda for the Group November 2018 and CRR to be agreed by Group in January 2019.</p> <p>This group reports to the Strategic Management Team (“SMT”) who ultimately endorse and approve the CRR.</p>	Agreement of refreshed risk governance, including scrutiny and assurance of corporate risk register to be established by April 2019
Fully review and refresh the portfolio of training and coaching resources.	<p>In progress.</p> <p>Review of training resources for both risk management and business continuity is complete.</p>	<p>Completion of pilot activity by April 2019</p> <p>Full roll out from June 2019</p>

Objective	Progress Summary	Target Completion
(This objective is contained within both the Risk Management and the Business Continuity Strategies)	Refreshed resources are being designed. Initial pilot areas identified.	
Design and implement a standardised approach to lessons learnt reporting and implement an assurance process that holds services to account for delivering of lessons learnt recommendations	Nearing completion. Design of lessons learnt framework complete. Pilot exercise in progress	Full roll out February 2019
Ensure performance management framework is directly relevant to delivery of framework priorities.	Under development Work in progress in identifying suite of risk and business continuity performance indicators.	Roll out as part of Q1 2019-20 Performance Framework
Support the delivery of a full audit review of risk management systems and structures	In progress This is included in the Internal Audit Plan 2018/19 and the audit is in progress.	Final internal audit report scheduled to be published 8 January 2019
<b>BUSINESS CONTINUITY OBJECTIVES</b>		
Refresh and realign strategic approach to Business Continuity to ensure that it contributes seamlessly to a broader suite of risk and business continuity strategies for the Council.	Complete Business continuity work aligned to key services and programmes. Delivery of work area recovery and ICT disaster recovery work as set out below. A full review of service business continuity plans has been completed in 2018 with three service areas to complete – currently being supported through this process.	Complete

<b>Objective</b>	<b>Progress Summary</b>	<b>Target Completion</b>
<p>Re-evaluate approach to business continuity training and awareness. Commission and complete the design of a new suite of BC training resources</p>	<p>In progress.</p> <p>Review of training resources for both risk management and business continuity is complete.</p> <p>Refreshed resources are being designed.</p> <p>Initial pilot areas identified.</p>	<p>Completion of pilot activity by April 2019</p> <p>Full roll out from June 2019</p>
<p>Ensure completion of all scoping and analytical activity required to support the delivery of final components of the Work Area Recovery and ICT Business Continuity corporate work programmes.</p>	<p>Complete</p> <p>All work to deliver integrated business continuity plans completed as noted above.</p> <p>Central data repository established.</p> <p>Building continuity plans developed for all main Council offices to enable staff / services to be reconfigured in the event of a loss of key building/s.</p> <p>Prioritised ICT business continuity needs refreshed and shared with ICT Service to inform disaster recovery and resilience planning prior to the completion of the Data Centre Programme in 2019.</p>	<p>Plans will be subject to further light touch review in 2019.</p>
<p>Re-design the performance, scrutiny and governance frameworks that drive progress with the corporate business continuity work programmes and provide assurance over completion and effectiveness.</p>	<p>Not started</p>	<p>Priority for 2019 work programme</p>

Objective	Progress Summary	Target Completion
Undertake a comprehensive refresh of the Corporate Business Continuity Plan and ensure effective Incident Management Team arrangements, proportionate to the range of continuity risks we face.	<p>Complete</p> <p>Full refresh undertaken and revised plan endorsed by Strategic Management Team</p>	Plan to undergo high level refresh in February 2019.
Continue to lead the development of the Manchester Business Continuity Forum, working in partnership with Advisory Group members from partner agencies to provide the most comprehensive service offer that is deliverable within the resources available	<p>Ongoing</p> <p>Annual work programme of support and events for Manchester businesses designed and delivered within budget and agreed timescales.</p> <p>Highly positive feedback from events can be evidenced</p>	Develop and publish 2019-20 work programme in March 2019

### 3. Refresh of Risk Governance and the Corporate Risk Register

3.1. The revised risk management framework provides oversight and scrutiny of the corporate risk management programme, including regular update and refresh of the CRR. The framework continues to be based on established principles, as follows:

- The Chief Executive has overall responsibility for assuring that the Council articulates and manages risks to the delivery of strategic objectives.
- The City Treasurer has overall responsibility for the corporate risk management framework.
- The Head of Audit and Risk Management, supported by the Risk and Resilience Team maintains the corporate risk management framework and ensures that the CRR is regularly updated and presented to Strategic Management Team.
- SMT receive assurance that corporate risks are scrutinised and mitigating actions plans are delivered
- Chief Officers, Directorate Management Teams and Heads of Service are responsible for maintaining their own risk registers and escalating risks to the CRR, where they threaten delivery of the Council's strategic objectives.

- 3.2. For 2019/20 the framework is to be enhanced by the inclusion of risk management oversight within the remit of the Governance and Assurance Group. This core membership of this group comprises the City Treasurer, City Solicitor, Director of HROD, Head of the Chief Executive Office and Head of Audit and Risk Management. The Group will oversee and seek assurance over corporate risks through regular scrutiny and refresh of the CRR. The first full CRR review of this group will be completed in January 2019.
- 3.3. The CRR will thereafter be refreshed on a quarterly basis as shown below:

	Frequency	Q3 2018/19	Q4 2018/19	Q1 2019/20	Q2 2019/20
DMTs update risks	Quarterly	Dec 2018	March 2019	June 2019	Sept 2019
Governance and Assurance Group review and agree the CRR	Quarterly	Jan 2019	April 2019	July 2019	Oct 2019
SMT review and endorse the CRR	Quarterly	Jan 2019	May 2019	August 2019	Nov 2019
Audit Committee review risk management arrangements	Annually	February 2019			

- 3.4. Business plan refresh is currently in progress and the collation of key risks for each business plan area is being supported by the Risk and Resilience Team who also support a quarterly process of refresh of directorate risk registers.
- 3.5. Following the refresh of directorate risk profiles, the Risk and Resilience Team will synthesise key risks into a report for the Governance and Assurance Group to consider shared/common risks and to enable any broader risks to the achievement of key priorities to be determined. This process of synthesis and review will inform the content of the CRR and help ensure alignment to the Council's programme and directorate risk registers.
- 3.6. As this work is currently in progress the updated CRR will be presented to Audit Committee in a further report at its meeting in February.

#### **4. Recommendations**

- 4.1. Members are requested to:

- Consider the assurance provided by reported progress in the delivery of Risk Management and Business Continuity strategic objectives

- Note the current governance framework and timetable for refresh of the Corporate Risk Register; and
- Receive a further report on the refreshed Corporate Risk Register in February 2019.

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### Audit Committee: Work Programme 2018/19

Meeting Date – 10 December 2018, 10am (Report deadline 29 November 2018) 55 minutes					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
External Audit Progress Report and Update	Karen Murray	External Audit (Mazars)	Update on the work of the External Auditor in respect of the 2018/19 external audit	2 4.7	10
Review of Code of Corporate Governance	Courtney Brightwell	Performance Manager	To consider and comment on the updated Code of Corporate Governance <i>To consider and comment</i>	1 3 4.10 4.12	20
	Kate Waterhouse	Head of Performance, Research & Intelligence			
Risk and Resilience Strategy and Corporate Risk Register	Tom Powell John Gill	Head of Audit and Risk Risk and Resilience Manager	Corporate risk update and corporate risk profile as articulated in the latest refresh of the corporate risk register.	4.1	20
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk.  No reports planned <i>To consider and comment</i>	4.1	N/A
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

Meeting Date – 14 January 2019, 10am (Report deadline 6 January 2018)					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
<b>No Business Planned</b>					

**Meeting Date – 11 February 2019, 10am (Report deadline 3 February 2019) 135 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Internal Audit Assurance Report	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Summary of internal audit activity and report opinions to the end of quarter three. <i>To consider and comment</i>	4.4	20
Outstanding Audit Recommendations	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Update on the implementation of internal and external audit recommendations for each Directorate to the end of quarter three. <i>To consider and comment</i>	4.4	15
Counter Fraud Policies Update	Tom Powell	Head of Audit and Risk	Report on updates to counter fraud related policies to reflect legislative requirements and best practice <i>To consider and comment</i>		10
Corporate Risk Register	Tom Powell John Gill	Head of Audit and Risk Risk and Resilience Manager	Corporate risk profile as articulated in the latest refresh of the corporate risk register.	4.1	20
Register of Significant Partnerships	Courtney Brightwell  Kate Waterhouse	Performance Manager  Head of Performance, Research & Intelligence	Summary of the progress in implementing recommendations arising from the register of significant partnerships. <i>To consider and comment</i>	4.10 4.12	20
Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty	Carol Culley Janice Gotts Karen Gilfoy	City Treasurer Deputy City Treasurer Chief Accountant	To explain the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the accounts. <i>To consider and comment</i>	1 4.9	10
Grants Certification Report	Mark Heap	External Audit (Grant Thornton)	Report from the External Auditor in respect of the audit of grant returns 2017/18, any issues arising and associated fees. <i>To consider and comment</i>	4.7	5
External Audit Progress Report and Update	Karen Murray	External Audit (Mazars)	Update on the work of the External Auditor	2 4.7	10

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**Meeting Date – 11 February 2019, 10am (Report deadline 3 February 2019) 135 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk.  Proposed report on Health and Social Care Assurance Framework (tbc with Chair)  <i>To consider and comment</i>	4.1	20
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

**Meeting Date – 11 March 2019, 10am (Report deadline tbc)**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
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**No Business Planned**

**TBC Meeting Date – 15 April 2019, 10am (Report deadline 4 April 2019) 130 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Draft Annual Governance Statement (AGS)	Courtney Brightwell	Performance Manager	To advise the processes followed to produce the AGS and obtain Audit Committee input to the draft statement.	1 3	30
	Kate Waterhouse	Head of Performance, Research & Intelligence	<i>To consider and comment</i>	4.10 4.12	
Review of Internal Audit and Quality Assurance Improvement Programme (QAIP)	Carol Culley	City Treasurer	To consider organisational arrangements for the delivery of internal audit in line with legislation and Public Sector Internal Audit Standards. To include review of Audit Committee Terms of Reference and Internal Audit Charter.  <i>To consider and comment</i>	3	15

**TBC Meeting Date – 15 April 2019, 10am (Report deadline 4 April 2019) 130 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Head of Audit and Risk Management Annual Opinion	Tom Powell	Head of Audit and Risk	Head of Internal Audit and Risk Management Annual Opinion on the Council's systems of governance, risk management and internal control as well as a summary of audit work undertaken in the year. <i>To consider and comment</i>	4.6	30
Annual Internal Audit Plan	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards. <i>To review and approve</i>	4.2 4.3	20
Audit Strategy Memorandum	External Audit	Karen Murray (Mazars)	To provide an overview of the planned scope and timing of the annual external audit for 2018/19. <i>To consider and comment</i>	2 4.7	10
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	4.1	20
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

**TBC Meeting Date – June 2019, 10am (Report deadline tbc) 95 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Internal Audit Annual Report	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Report of internal audit activity for the year. <i>To consider and comment</i>	4.4	10
Draft Annual Statement of Accounts	Carol Culley Janice Gotts Karen Gilfoy	City Treasurer Deputy City Treasurer Chief Accountant	To report the Annual Accounts prepared for submission to the external auditor for review. <i>To consider and comment</i>	1	30
Revenue Budget Outturn Report	Carol Culley	City Treasurer	To report the revenue outturn for the year as reported to Executive. <i>To note</i>	1	5
Capital Budget Outturn Report	Carol Culley	City Treasurer	To report the capital outturn for the year as reported to Executive. <i>To note</i>	1	5
Response letters from City Treasurer and Audit Committee Chair to the External Auditor	Carol Culley	City Treasurer	Draft responses proposed to be issued to the External Auditor from the City Treasurer and the Audit Committee Chair for the audit of the accounts	1	5
Treasury Management (Outturn) Report	Carol Culley Janice Gotts Karen Gilfoy Tim Seagrave	City Treasurer Deputy City Treasurer Chief Accountant Finance Lead	To report the Treasury Management activities of the Council for the year. <i>To consider and comment</i>	4.11	10
External Audit Progress Report	Karen Murray	External Audit (Mazars)	Update from the External Auditor in the delivery of the external audit plan <i>To consider and comment</i>	4.7	5
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	4.1	20
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

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1. To consider and approve the authority's statement of accounts, including the Annual Governance Statement in accordance with the Accounts and Audit Regulations 2015.
2. To consider, as soon as reasonably practicable, the annual letter from the external auditor in accordance with the Accounts and Audit Regulations 2015 and to monitor the Council's response to individual issues of concern identified
3. To consider the findings of the Council's annual review of the effectiveness of its system of internal control under the Accounts and Audit Regulations 2015, including the effectiveness of its system of internal audit
4. In furtherance of the Council's duty to make arrangements for the proper administration of its financial affairs and the Committee's responsibilities under the Accounts and Audit Regulations 2015 set out above:
  - 4.1. To obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
  - 4.2. To review and approve (but not direct) the terms of reference for internal audit and an Internal Audit Strategy.
  - 4.3. To review and approve (but not direct) the internal annual audit programme considering the effectiveness of proposed and actual coverage in providing adequate assurance over the Council's arrangements for governance, risk management and system of internal control.
  - 4.4. To monitor the implementation and outcomes of the Council's internal audit programme and where required, to review summary and individual audit reports with significant implications for financial management and internal control.
  - 4.5. To seek assurance on the adequacy of management response to internal audit advice, findings and recommendations in the form of implementation of agreed action plans
  - 4.6. To receive the Annual Report of the Head of Internal Audit
  - 4.7. To consider the external auditor's annual letter, relevant reports and the annual report to those charged with governance on issues arising from the audit of the Statement of Accounts.

4.8. To engage with the external auditor and external inspection agencies and other relevant bodies to ensure that there are effective relationships between external and internal audit.

4.9. To make recommendations to the Chief Finance Officer and Monitoring Officer in respect of Part 5 of the Council's Constitution (Financial Regulations).

4.10. To consider the Code of Corporate Governance.

4.11. To monitor the performance of the Treasury Management function including:

- approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

4.12. To consider and advise the Council on the Annual Governance Statement.





### Recommendations Monitor 2018/19

Date	Item	Recommendation	Response	Contact Officer
25 January 2018	AC/18/07 Monitoring Previous Recommendations	<p>2. To request that a progress report is submitted in six months on the development and introduction of a Contract Management Improvement Plan and that this is followed by regular reports to the Audit Committee.</p> <p>3. To request that a requirement is included within the terms of contract agreements with the Council for the contract service provider to produce and submit Key Performance Indicator data that can be recorded and used as part of the analysis of the contract.</p> <p>4. To request that an accessible dashboard is developed and introduced to enable elected members to monitor the Key Performance Indicator data on Council contracts.</p>	<p><b>Complete</b>  <u>Contract Management and Governance update report</u> to Audit Committee November 2018</p>	Carol Culley City Treasurer
22 March 2018	AC/18/15 Review of Effectiveness of Internal Audit	<p>4. To request that the subsequent reports on the Review of Effectiveness of Internal Audit include recognition of the importance of the role of the independent members serving on the Audit Committee.</p>	<p>This will be reflected in the 2018/19 review to be presented to March or June 2019 Audit Committee.</p>	Carol Culley City Treasurer
22 March 2018	AC/18/16 Head of Audit and Risk Management Annual Opinion	<p>3. To agree the inclusion of the following topics on the Committee Work Plan:</p> <p>- Governance arrangements for the Integration of Health and Social Care, including submission of end of year accounts in respect of the Local Care Organisation and Manchester Health and Social</p>	<p>Governance arrangements for the Integration of Health and Social Care to be scheduled</p>	Tom Powell Head of Audit and Risk

		Care Commissioning.  - Contract Management arrangements and system development.	<b>Complete</b> <u>Contract Management and Governance update report to Audit Committee November 2018</u>	
22 March 2018	AC/18/18 Risk Review Item: Adults Assurance Update	To request that a further report is submitted to the meeting of the Audit Committee 3 September 2018 action plan in place to deal with the four limited assurance audit reports.	<b>Complete</b> <u>Adults Assurance Update report provided to Audit Committee September 2018</u>	Tom Powell Head of Audit and Risk
11 June 2018	AC/18/29 Annual Statement of Accounts 2017/18	To agree to refer the issue of public health investment in addressing childhood obesity to the Children and Young People Scrutiny Committee for inclusion on the Annual Work Programme.	<b>Complete</b> This has been added to the <u>Children and Young People Scrutiny Committee Annual Work Programme</u> for December 2018	
31 July 2018	AC/18/37 Annual Statement of Accounts 2017/18 and Letter of Representation	To request officers to refresh the description of the core functions of Council committees, as detailed in Appendix 2 of the report, and include this within the 2018/19 Statement of Accounts.	For inclusion in 2018/19 accounts to Audit Committee June 2019	Carol Culley City Treasurer
31 July 2018	AC/18/39 Internal Audit Assurance Report	To request that a briefing note be provided for members of the committee to explain the functions, roles and responsibilities regarding Disclosure and Barring Service checks.	<b>Complete</b> <u>DBS Update report</u> provided to Audit Committee September 2018	Tom Powell Head of Audit and Risk
31 July 2018	AC/18/40 Outstanding Audit Recommendations	To request that a report is submitted to the September meeting of the Audit Committee to provide an update on ICT Disaster Recovery including the three recommendations	<b>Complete</b> <u>ICT DR and PSN report</u> provided to Audit Committee September 2018	Tom Powell Head of Audit and Risk

		<p>not taken forward and to provide further information on the Public Services Network (PSN).</p> <p>To request that a Risk Item report be presented to a future meeting of the Audit Committee in response to concerns expressed relating to the North West Foster Care Framework and the Multi Agency Safeguarding Hub and to include details of any formal and informal work involved.</p>	<p><b>Complete</b>  <u>Childrens Services Audit Recommendations Update</u> report provided to Audit Committee September 2018</p>	
5 Nov 2018	AC/18/52 Internal Audit Assurance Report	<p>To request that a report is submitted to the next meeting of the Committee providing a review of lower priority rating of the audit of Manchester Support for Independent Living.</p> <p>To request that a report is submitted to the meeting of the Committee in February 2019 to give an update on the working arrangements of audit work of Mental Health casework compliance in respect of the Greater Manchester Mental Health Trust.</p>	<p>See actions under AC/18/55  For Audit Committee agenda February 2019</p> <p>For Audit Committee agenda February 2019</p>	
5 Nov 2018	AC/18/54 2018/19 Annual Governance Statement (AGS) – Summary of Progress to Date	<p>To request that the <b>Annual Governance Statement</b> includes a response to concerns expressed regarding the consistency of the implementation of the Our Manchester behaviours across all areas of the Council’s services and staff.</p> <p>To request the Resources and Governance Human Resources Sub-Group to consider a report that provides feedback on the BHeard survey, an update on the training and implementation of the Our Manchester Strategy and to update on the arrangements for Council staff to attend Listening in</p>	<p>Forwarded to Human Resources Sub-Group</p>	

		<p>Action events.</p> <p>To note the comments made regarding the Our Manchester Experience and to pass the comments on to the officers involved in the refresh of the experience.</p> <p>To request that, as part of the <b>Annual Complaints report</b>, officers include details on the number of Freedom of Information and other subject access requests made to the Council and provide details of the average length of staff time taken to process a request and costs involved.</p> <p>To request the Resources and Governance Human Resources Sub-Group to consider issues raised within Action 11 of the report submitted relating to “improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working”.</p>	<p>For Annual Complaints Report</p> <p>Forwarded to Human Resources Sub-Group</p>	
5 Nov 2018	AC/18/55 Governance Improvement Progress for Partnerships with Medium of High Risk Assessment Ratings	To note the comments received in respect of Manchester Service for Independent Living and <b>request officers</b> to undertake a review of the audit assumptions made on Manchester Service for Independent Living and provide an update on the partnership for the meeting of the Committee on 11 February 2018.	For Audit Committee agenda February 2019	