



Audit Committee

Date: Tuesday, 30 July 2019

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension,
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 required 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.**

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Membership of the Audit Committee

Councillors - Ahmed Ali (Chair), Clay, Lanchbury, Russell, Stanton, Watson, Barker and Downs

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

Agenda

- 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 - 10
To approve as a correct record the minutes of the meeting held on 11 June 2019.
- 5. Audit Findings**
The report of the External Auditor **will follow**
- 6. Annual Statement of Accounts**
The report of the Deputy Chief Executive and City Treasurer **will follow**
- 7. Internal Audit Assurance 2019/20** 11 - 38
The report of the Deputy Chief Executive and City Treasurer and the Head of Internal Audit and Risk Management Management is enclosed
- 8. Outstanding Audit Recommendations** 39 - 96
The report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management is enclosed
- 9. Risk Review**
The report of the Head of Audit and Risk Management **will follow**
- 10. Work Programme and Recommendations Monitor** 97 - 110
The Committee's Work Programme and Recommendations Monitor are enclosed.

Information about the Committee

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.

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Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
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Further Information

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

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This agenda was issued on **Monday, 22 July 2019** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

Audit Committee

Minutes of the meeting held on 11 June 2019

Present:

Councillor Ahmed Ali - In the Chair
Councillors Clay, Lanchbury, Russell and Stanton
Dr S Downs (Co-opted member)

Also Present:

Karen Murray, Mazars

Apologies:

Councillor Watson

AC/19/24 Minutes

The minutes of the Audit Committee held on 15 April 2019 were submitted for approval. The Chair moved a recommendation that decision two for item AC/19/19 'Review of Effectiveness of Internal Audit' be amended to 'To agree the amendments made in respect of the Audit Committee Terms of Reference, as detailed in Appendix 2 of the report submitted.'

Decision

To approve the minutes of the meeting held on 15 April 2019 as a correct record subject to the above amendment.

AC/19/25 Draft Annual Statement of Accounts

Members considered the report of the Deputy Chief Executive and City Treasurer that provided the 2018/19 Annual Accounts, which had been signed by the Deputy Chief Executive and City Treasurer. The report described the process of approval for the annual accounts, noting that the audited accounts together with the external audit report will be considered at the Audit Committee meeting on 30 July.

The Deputy City Treasurer introduced the report and referred to the main themes, noting the work of the Finance Team to produce the report in a timely manner. The Deputy City Treasurer commented that the challenges to funding Adult Social Care was a national issue and not unique to Manchester. The Chair commented that the report that had been submitted had been very well presented, clearly written and supported with a useful narrative to assist the reader. He stated that he welcomed that the Our Manchester approach was evident throughout the document.

A Member commented on the reported overspends in relation to Homelessness, Children's Services and Adult Social Care and commented that these will be recurring costs. The City Treasurer acknowledged this comment and stated that the

budget pressures due to demand were monitored and resources allocated appropriately.

In response to a comment from a Member regarding concern that £8.1m grant element the Parks Development Programme had been removed from the Capital Programme, the Deputy Chief Executive and City Treasurer reported that her comments would be relayed to the Parks Development Programme Board, and further added that, compared to other cities, Manchester's investment in Parks was significant.

In response to specific questions raised, the Deputy Chief Executive and City Treasurer stated that further information would be provided to the Committee on interest rate charges and the percentage of homes that were to be built at an affordable price, commenting that there was an agreed target for the next five years.

Members enquired what the money clawed back from Schools was to be used for. The Deputy City Treasurer said that the levels of reserves held by individual schools had been reviewed and where appropriate funds had been clawed back and this money was ring fenced to schools to improve the outcomes for the children in Manchester.

In response to a question regarding the airport dividend the Deputy Chief Executive and City Treasurer described that the process applied in budgeting and subsequent allocation of the dividend.

Decisions

To note the unaudited 2018/19 Annual Accounts, signed by the Deputy Chief Executive and City Treasurer, including the narrative report.

AC/19/26 Revenue Outturn Report 2018/19

Members considered the report of the Deputy Chief Executive and City Treasurer which outlined the final outturn position for 2018/19.

A member enquired about the savings identified from vacant staff posts and enquired if there was a process to deploy staff into these rather than make them redundant. The Deputy Chief Executive and City Treasurer commented that there was a robust policy and approach to seek to avoid compulsory redundancies and the M People process had been established to support staff move into new posts. She said that vacant posts existed due to a number of reasons, including measures that were implemented as part of the budget recovery plan in 2018/19 and difficulties experienced in recruiting to temporary and permanent posts, such as Enforcement Officers within the Neighbourhoods Service and this situation would be reviewed as part of the budget setting process.

In response to a question regarding the Bed For Every Night scheme designed to support homeless people the Deputy Chief Executive and City Treasurer confirmed that commitments of the GM Mayor did not impose a new statutory duty on the

Council commented that the funding provided by GMCA was in addition to Manchester's budget and consideration would be given as to how this was reported to ensure this difference was clear.

In reply to comments regarding receipt of Housing Benefit payments the Committee were reminded that the Revenue and Benefits Annual Report would be submitted to the Resources and Governance Scrutiny Committee and that would provide detailed information on Discretionary Housing Payments, noting that the budget to support DHP had been increased as part on an in year adjustment to the budget.

Members commented that future reports should include specific reference as to where budgets had been adjusted in year to enable comparisons to be made and assist the reader. The Deputy Chief Executive and City Treasurer agreed that this information would be provided in future reports.

Members noted that there was a reported underspend in relation to reablement services, commenting that this is an activity where investment was required to realise savings in the future. The Deputy Chief Executive and City Treasurer commented that this area of activity was due to be scaled up, however recruitment of staff was a challenge.

Decisions

1. The Committee noted recommendations to the Executive one to three and endorsed recommendations four and five as listed below.

1. Note the outturn position for 2018/19 as set out in the report and summarised in the table at paragraph 4.
2. Note the Housing Revenue Account position for 2018/19 as outlined in paragraphs 48 to 51.
3. Note the overall General Fund position for 2018/19 as outlined in paragraph 52.
4. Approve the use of budgets to be allocated as outlined in paragraph 53.
5. Approve the use of reserves as outlined in paragraph 55.

AC/19/27 Capital Budget Outturn Report 2018/19

Members considered the report of the Deputy Chief Executive and City Treasurer which provided the Committee with information on the outturn of capital expenditure and financing for 2018/19; the major variances between the 2018/19 outturn and the previous Capital Programme monitoring report submitted in February 2019; and the commitments to be carried over into the five-year Capital Programme 2019/20 to 2023/24.

In response to a question from a Member the Deputy Chief Executive and City Treasurer stated that the additional money allocated to the Factory was for the overall budget for the delivery of the project and that a report on the lessons learnt from the MSIRR (Regent Road) highways project would be reported to the appropriate Committee.

Decision

The Committee note the report and endorse the recommendation that the Executive:

1. Note the outturn of capital expenditure 2018/19 for the Manchester City Council Programme was £361.6m. The outturn of capital expenditure 2018/19 for the Programme on behalf of Greater Manchester was £91.2m.
2. Note the changes to the outturn attributable to movement in the programme that occurred after the previous monitoring report to Executive in February 2019.
3. Approve the budget transfers between capital schemes to maximise the use of funding resources available to the Council.
4. Note the decisions of the Deputy Chief Executive and City Treasurer regarding the funding of capital expenditure in 2018/19.
5. Note the impact of final expenditure in 2018/19 on the revised Capital Programme 2019/20 to 2023/24.
6. Deputy Chief Executive and City Treasurer to confirm with respective Audit Committee and Scrutiny Committee Chairs to which Committee the MISIRR Lessons Learned report will be presented.

AC/19/28 Treasury Management Annual Report 2018/19

Members considered the report of the Deputy Chief Executive and City Treasurer that described the Treasury Management activities of the Council 2018/19. The Deputy Chief Executive and City Treasurer commented that the 2019 /20 Management Strategy had been considered by the Executive as part of the Budget considerations and updates on this would be reported during the year.

Members enquired about the reported online fraud case and the financial loss incurred by the Council. The Head of Internal Audit reported that detailed information and lessons learnt would be provided to the Committee in the confidential Annual Counter Fraud Report that was scheduled for the consideration at the September meeting.

A Member requested that an update on the levels of compliance with the Council's policy on use of purchase orders is provided to the relevant Committee including a break down by Directorate.

Decision

Deputy Chief Executive and City Treasurer to confirm with respective Audit Committee and Scrutiny Committee Chairs to which Committee a report on the policy and monitoring of the use of purchase orders will be presented.

AC/19/29 Response Letters to External Audit

Members considered the report of the Deputy Chief Executive and City Treasurer that described that as part of the audit of the accounts, the External Auditor requested information from the Deputy Chief Executive and City Treasurer and the Chair of the Audit Committee in respect of financial accounting arrangements, the risks of fraud and compliance with laws and regulations.

This report provided the draft responses proposed to be issued to the External Auditor from the Audit Committee Chair and Deputy Chief Executive and City Treasurer for the audit of the 2018/19 accounts.

Decision

To note the report.

AC/19/30 External Audit – Progress Report and Technical Update

Members considered the report of the Council's External Auditor that described that since last meeting the External Auditor had met with finance staff to clarify the requirements and expectations in respect of the 2018/19 final audit visit; will keep up to date through their on-going review of agendas and minutes and will complete their detailed audit work for the Council's 2018/19 VFM conclusion.

Detailed audit work would continue and the final audit visit would commence on 17 June 2019, noting that there were no significant matters arising to date.

Decision

To note the report.

AC/19/31 Internal Audit Outturn Report

Members considered the report of the Head of Audit and Risk Management that provided the Committee with confirmation of the audit work completed based on the agreed Audit Plan 2018/19 and subsequent agreed amendments to that plan. Detailed reports on assurances issued and work progress were provided quarterly to Audit Committee in year and the report noted that the first assurance report for 2019/20 will be provided in July 2019.

Members commented that the Highways Framework had been given a limited assurance opinion for 2018/19 and the Head of Audit and Risk Management stated that the departments responses to the recommendations would be reported. A Member commented on the recent incident with MSIRR (Regent Road) and queried whether issues might have been identified earlier had contractors utilised a Whistleblowing Policy to raise concerns.

A member commented that the number of Assurance Ratings are to be changed for 5 to 4 opinions in line with national practice and it will be interesting to see what

ratings apply to future audits including the Head of Audit and Risk Management's annual opinion. The Head of Audit and Risk Management stated that the refreshed Assurance Ratings would be applied and reported. The Member commented that it would be interesting to understand the impact of budget cuts and staffing levels on the number of Limited Assurances given.

A Member commented that information needed to be included in the Internal Audit Quarterly Report that was scheduled to be submitted for consideration at the July meeting on how long recommendations had been outstanding, and where appropriate the relevant Executive Member and Strategic Lead should attend the Audit Committee to provide an account as to the reasons for this. The Member also requested assurance at the July meeting that audit reports are being issued to Executive Members.

Decision

To note the report.

AC/19/32 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.

The Head of Audit and Risk Management stated that the Committee may wish to consider receiving reports on Disaster and Recovery, Contracts and Procurement and ICT in line with requests from previous meetings. The Deputy Chief Executive and City Treasurer noted that themed reports on contracts and ICT were also scheduled for Resources and Governance Scrutiny Committee and may cover similar topics. A Member further recommended that a detailed report on the Limited Assurances awarded to Adults and Children's Services be considered at an appropriate time and that the relevant Executive Members be in attendance.

The Chair informed the Committee that he would discuss these suggestions further with the Head of Audit and Risk Management and Chair of Resources and Governance Scrutiny Committee and schedule updates for an appropriate meeting.

Decisions

1. To agree the Work Programme subject to the above.
2. To note the Recommendation Monitor.

1 Introduction

- 1.1 This report provides a summary of the work of the Internal Audit Section from April to June 2019 including progress toward delivery of the annual audit plan, a summary of assurance opinions on completed audits and a summary position on the implementation of Internal Audit recommendations. The opinions and statistics are shared with Directorate senior managers for discussion; to agree actions and are used to inform an overall annual assurance opinion.

2. Audit Programme Delivery

- 2.1 The following table is a summary of the outturn against the audit plan to date.

| Audit Status | 2018/19 Brought Forward | 2019/20 Audit Plan Outputs | Additional Items |
|----------------------|--------------------------------|-----------------------------------|-------------------------|
| Final Report | 14 | 5 | 1 |
| Draft Report | 2 | 2 | |
| Fieldwork Completed | 4 | 4 | |
| Fieldwork Started | 1 | 7 | |
| Planning | | 15 | |
| Not started | | 69 | |
| Cancelled / Deferred | | 0 | |
| Totals | 21 | 102 | 1 |

- 2.2 Outputs in the above table include audit reports, management letters and advice and guidance as well as support to management on service improvement. The analysis does not include most of the advice and guidance provided to the business through involvement in working groups and projects across the Council as these are not captured in formal reports. The number of total expected outputs will rise as the blocks of audit time assigned to areas of risk including the Our Town Hall Project and Schools Financial Health Checks are broken down to assignment level in line with plans and where contingency resource is allocated to additional work.
- 2.3 The table includes corporate counter fraud investigations but does not include all casework. The key focus of corporate fraud and investigation work is summarised in section nine however details and outturn is reported in the annual fraud report which will be presented to Audit Committee in September 2019.
- 2.4 The sections below describe the progress made against the agreed annual audit plan in this quarter. The status of the annual audit plan in terms of progress to delivery is shown at **Appendix One**.

2.5 The Internal Audit service has changed aspects of our approach for 2019/20. Some of these changes are unlikely to be evident to Audit Committee but they do include changes that will be reflected in the style and content of reports. Key changes are as follows:

- Redesign of Executive Summaries and shorter audit reports. The Executive summaries from 2019/20 audit opinion reports will be appended to Audit Committee reports. Over 2019/20 the detailed narrative of Audit Committee reports will reduce with a greater focus on key areas of key assurance and risk.
- Copies of all final audit reports being issued to the relevant Executive Member one week after distribution to officers.
- Defining an Accountable Officer (SMT Lead) and Responsible Officer (Lead for the service/system/strategy being audited).
- Reduction in audit assurance ratings from five (Full to No assurance) to four (Substantial, Reasonable, Limited, No). For this report it means that there are audits with both of these ratings shown on the status report, in relation to brought forward work finished in the quarter and the new audit work delivered for 2019/20.
- Introduction of an 'Impact' assessment. This is the auditor assessment of criticality of the strategy / service / system being audited to the achievement of the Council's priorities and discharge of functions and duties in the following areas:
 - Strategic Objectives
 - Safety and Welfare
 - Corporate Risk
 - Organisational Change
 - Key Partnerships
 - Finance and Resources
 - Key Service Fulfilment
 - Statutory Duty

2.6 Executive Summaries for audit opinion work from the 2019/20 audit plan are provided for information at Appendix Two in line with the new process. Appendix Three confirms for context the basis of assessment of audit opinions, recommendation priorities and impacts.

2.7 The key issues and assurances arising from audit work in the quarter are summarised below.

3 Adult Services

3.1 An audit of Deprivation of Liberty Safeguards (DoLS) provided limited assurance that the Council was appropriately discharging its responsibilities for DoLS Urgent and Standard Authorisations with issues considered to be major risks. DoLS assessments were often completed significantly outside the timescales required by statute and although referrals were screened and prioritized for allocation there were significant delays in assessments for low priority cases. In addition there was an absence of DoLS reviews being undertaken to ensure that decisions taken continued to remain valid and appropriate.

- 3.2 The significant increase in numbers of DoLS cases and difficulties in meeting statutory deadlines is not unique to Manchester. An annual report regarding DoLS issued by the Health and Social Care Information Centre covering 2017/18 confirmed that the average duration between receiving an application and assessment completion in England was 138 days. In Manchester the average time from receipt to assessment and subsequent authorisation was 130 days. To comply with legislation the DoLS assessment should be completed within 21 days but there is no legal timescale for authorisation. Management had requested the audit and are well aware of the issues in this service area which are integrated in plans for action as part of the adults improvement plan.
- 3.3 Floating Support – Support to Homeless Citizens in Temporary (Dispersed) Accommodation audit work resulted in limited assurance. The main issues preventing a higher assurance were the lack of shared and consistent processes and inconsistency in the understanding and discharge of roles and responsibilities. Practices adopted across the floating support teams were varied and inconsistent leading to significant differences in the support provided to citizens. We note that these findings are consistent with a Service that has grown and evolved rapidly to respond to increasing demand. Management accepted the recommendations and are implementing actions to improve the arrangements. We met with the new Director for Homelessness and will explore options for further audit support for the coming year with him based on his initial assessment of risks.

4 Children's Services

- 4.1 The Assessed and Supported Year in Employment (AYSE) process was given moderate assurance. The overall process was well designed however the tracker system for monitoring ASYE progress had not been kept up to date and was not being used to report progress to management. This would have highlighted instances where key milestones were missed and progress was significantly delayed; and in turn would help direct timely intervention from Social Work Consultants.
- 4.2 A draft report has been issued providing moderate assurance over progress made in delivering the Post Ofsted Inspection Action Plan. It has, as intended, provided a good framework to ensure focus and monitoring of continuing improvement in the areas identified in the 2017 Ofsted Inspection report. Significant progress has been made in implementing recommendations and embedding practice, however areas remain where progress to implementation of agreed actions is ongoing. The reporting format only allowed for actions to be marked as "complete" or "incomplete" and as a result, based on our review of progress, we considered that the reported position had been overstated in some areas and it would be clearer to report areas where active plans remain in place and where work is ongoing work. We recommended that a category of partially implemented is added to the Plan and that consideration is given to RAG or percentage rating to key recommendations to more clearly articulate that even where actions are not fully complete progress is positive, is being sustained and there are no significant concerns. It will also help highlight areas

where any blockers need to be addressed or where concerted effort or support is needed to enable actions can be completed in full.

5 Education and Schools

- 5.1 Procurement in Schools audit work resulted in moderate assurance following an assessment of the findings emerging from audit compliance checks. The arrangements were considered to be insufficient in a number of schools. Internal Audit consider that a root cause of the non-compliance identified was a lack of knowledge of some key personnel whose responsibilities were to either complete high value procurement exercises or challenge and support procurement exercises. Where non-compliance was found most schools could provide a rationale for actions taken but a number stated they were unaware or unclear about School Financial Regulations (SFR) requirements for tendering and did not seek the Council's advice despite this being a SFR requirement for high value purchases. A recommendation was made to the Schools Finance and Procurement teams to run workshops with stakeholders about procurement requirements and associated risks to understand how best to address this reported lack of understanding. In addition it was proposed that the Council reviewed its offer of procurement advice which could potentially be managed under a service level agreement (as a traded service offer).
- 5.2 Off Rolling of Pupils was given moderate assurance as key policies were in place to ensure the Local Authority's statutory duties were met and to assist Manchester schools in fulfilling their duties in removing pupil details from the attendance register. However schools were not routinely asked to submit leaver data to the Children Missing from Education (CME) team to allow cross checking against the CME team's records in order to provide additional assurance over the completeness of reporting. This increased the risk of pupils off-rolled being underreported and changes to the process to address this were agreed.
- 5.3 The traded Data Protection Officer (DPO) offer to schools has now been in operation for ten months with over 100 schools signed up to the offer in Manchester and Bolton. Compliance visits have commenced and the new team have been supported by some resource from the audit team managing this demand alongside existing commitments, albeit this has meant some slippage in the finalisation of some audit work and some adjustment to planned delivery dates. Schools continue to actively seek advice and guidance offered through the DPO service and the programme of compliance visits was carried out throughout the quarter which alongside training and awareness activity was the core focus of work.
- 5.4 As part of the revised approach to audit of schools the first of a planned series of health checks will be provided throughout the year to assess aspects of governance, risk and control. St Matthews RC High School was given limited assurance due to a range of issues with concerns about controls over income receipts at the Sports Centre and uncertainty over the School's budget position. The School has restructured their support staff arrangements and

have a new operational management team in place. The Council is monitoring the impacts of these changes and Internal Audit liaise closely with the Senior School Effectiveness Officer. A follow-up audit visit confirmed that significant progress had been made around confirming and agreeing the budget position but no action had yet been taken to address any of the issues relating to the Sports Centre and so the risk here remained high. We emphasised to management the importance of introducing appropriate systems and controls as a matter of priority despite the longer term plan to employ a third party to run the sports centre.

- 5.5 Manley Park was given a moderate opinion based on the need for formalise a range of policies and procedures and enhance segregation of duties, however Internal Audit was encouraged by the developed of a detailed action plan and the appointment of a new Business Manager to progress required changes. Some actions had already been implemented when the final report was issued and if this momentum is maintained then the level of risk noted in the audit will be much reduced.

6 Corporate Core

- 6.1 An audit of Our Manchester Voluntary & Community Sector Grants – Outcome Monitoring resulted in moderate assurance confirming that regular and complete monitoring information was being received from grant recipients, with identified issues being recorded. It was less clear how these were fed back to liaison officers and then followed up with organisations and how consistent the support provided to VCO partners was. We made some recommendations to improve the consistency of recording contact with organisations, actions taken and the support provided to recipients which should address this matter.
- 6.2 We agreed with managers to focus our GDPR – Post Implementation Review on retention and disposal of personal data and to assess progress on implementation of the principles set out in the Regulations. We provided substantial assurance that the administration of GDPR was compliant with the documented and established procedures, and that data types recorded in the Information Asset Register (IAR) could be traced to the service areas where they are held. The main issue a preventing higher level of assurance was the lack of robust systems to monitor and take action when retention periods had been reached. For example there were two cases where the IAR required updating as data had been deleted from Council records and in two other areas it was noted it was noted that data had been retained for ten years, rather than six years as per professional body guidance. Actions in response to this report will be overseen by the Corporate Information Assurance and Risk Group and the Data Protection Officer.
- 6.3 Council Risk Governance Assurance was provided with substantial assurance and we confirmed that risk management activities generally aligned with the aims of the corporate risk strategy. Risk literacy of senior officers had developed considerably over the past few years and there is generally a culture of risk awareness as a senior level. However, the prominence of risk management discussions at Service and Directorate Management Team

(DMT) level was inconsistent, and the relationship between the DMT risk registers and Corporate Risk Register was less clear. Management accept that more work is required to strengthen the approach including seeking consistency in risk review and improving the mechanism for cascading the principles of risk management through the organisation as part of a golden thread. Best practice was seen in several areas where management discussion was led by assessment of risk and where activities were proactive rather than reactive - this included for example Revenue and Benefits and Legal Services teams.

- 6.4 The audit of Our Town Hall (OTH) – Allocation of Work Packages focused on the Mechanical Engineering and Plumbing contract, as the first significant work package to be let by the management contractor (Lendlease) on the Project. Due to the size and estimated value of the package (approximately £39m). Given the scale of the project Internal Audit agreed with the OTH Project Director to review the selection process applied to identify contractors to tender for this works package and provided a substantial assurance opinion over the design and operation of this process.
- 6.5 Core Systems: Revenue Budget Monitoring was provided with substantial assurance in relation to the operation of the Council's revenue budget monitoring procedures. Internal Audit considered the system to be well controlled and operating as intended. The core processes in place for revenue budget monitoring were consistent and consistently applied across all directorates. The introduction of the Integrated Monitoring Report (IMR) has provided consistency and the opportunity for comparison between directorates not only from a financial perspective but also in relation to operational and performance issues.
- 6.6 For Core Systems: Payments (SAP) we concluded that the current software solution and allocation of day to day roles supported the efficient processing of payments via BACS. However, we advised management to review the agreed assignment of responsibilities in the area, to confirm that it continues to best meet business need
- 6.7 For Greater Manchester Pension Fund (GMPF) Internal Audit obtained sufficient assurance over the effective operation of procedures and confirmed this was in compliance the requirements of the Fund. This enabled a positive response be provided back to the GMPF as part of their required assurance arrangements

7 Neighbourhoods and Growth and Development

- 7.1 In Highways Framework Contracts: Award of Work, Monitoring of Payments and Performance we provided a moderate assurance opinion over how work was awarded, payments checked and performance monitored for five framework agreements and contracts reviewed. A number of improvements were evident since previous audit work in 2017, in particular for contract Q20286 for small patching works (potholes) which had seen a significant decrease in additional work claims and in the number of jobs rejected due to

quality issues. All of the frameworks and contracts reviewed had a clearly defined process in place for the award of work. Areas for further improvement within the five framework contracts include documented evidence of approval for any deviations from the agreed processes for allocation of work; quality monitoring documentation; advance agreement and recording of changes to orders; and verification of payments in advance of payment.

- 7.2 On MSIRR (Regent Road) Payment Requests Internal Audit reviewed the first two applications for payment (totalling £1.85m) on the scheme will assess the completeness, accuracy and validity of the third application in July. We agreed with the deductions that had been made to the payment requested and made recommendations designed to ensure greater clarity over allowable contract costs and the evidence required to support claims for attendance and hours worked by contractors and subcontractors. Internal Audit will complete further work in relation to the third payment in advance of the deadline of 18 July and will complete an audit of the final payment at project completion.
- 7.3 Northwards Housing Limited (Northwards) undertake a programme of capital works over the 13,000 properties in their management area on behalf of the Council. Northwards manage the delivery of the work undertaken; including budget setting, preparing specifications, evaluating proposals, preparing contract information, managing costs, and ensuring delivery. Internal Audit reviewed Northwards Capital Project Management and provided substantial assurance that Northwards were effectively managing the projects reviewed. In particular we were assured that realistic budgets were set; costs were monitored and managed throughout the project lifespan; and that the specified and approved work was delivered. We were unable to obtain signed copies of contracts for any of the projects reviewed, either from Northwards, Housing or City Solicitors and have recommended that the Head of Housing explores this issue with the City Solicitor so it can be resolved.

8 Procurement, Contracts and Commissioning

- 8.1 Internal Audit examined the arrangements for prevention and detection of procurement fraud using data from the finance system (SAP) and the procurement portal (Chest). This resulted in a moderate assurance over the Council's arrangements to identify potential fraudulent activity within the procurement tendering process. This work did not find any evidence or indication of fraud from but through data analysis we did identify areas for improvement in reporting and in utilising data, particularly from the Chest system, to better inform management oversight and decision making. We were assured that there was oversight of individual procurement activity however no overall reviews were undertaken to identify and monitor patterns of procurement activity in specific business areas which could indicate concerns or inform advice or actions. As monitoring of multiple tender activity and single bidders can highlight areas of risk and useful information can be obtained from monitoring of supplier success rates, opt out reasons and the length of tender response windows we made recommendations to strengthen proactive controls.

- 8.2 A follow up audit of the Highways Framework TC886 from 2017/2018 was carried out as the original audit had resulted in a limited opinion. The review demonstrated implementation action had been taken to strengthen governance arrangements including value for money aspects of contract award and we concluded that all agreed recommendations were implemented. We therefore concluded a reduction in the overall exposure to risk associated with the framework
- 8.3 Insurance Arrangements in Contracts was given limited assurance in 2018/19 and a follow up audit concluded that the recommendations made had been implemented. It was confirmed that the Integrated Commissioning team have taken action to amend and clarify the standard Council contract documents; develop guidance including checklists to clarify risks and roles around insurance; and develop training for appropriate officers.

9 Counter-Fraud and Investigations

- 9.1 Counter fraud work continued through a programme of proactive and reactive activity in line with the annual plan and as referrals were received. Details are provided in the Annual Counter Fraud report which is due to the Audit Committee in September 2019. A summary of key activity in the quarter is as follows:

Proactive

- 9.2 Between February and May 2019 the Internal Audit Counter Fraud and Irregularity Team took part in the Cabinet Office / HMRC Pilot trialling the use of additional data matching capability, and with colleagues in other departments 227 matches were reviewed. From this a total of 118 matches warranted further investigation and this work is ongoing. To date £49,500 of error in respect of care home fees has been detected and passed over to finance for recovery.
- 9.3 Joint working protocols have been established between the Department of Work and Pensions (DWP) and the Counter Fraud and Irregularity Team. This will help streamline the investigation process for both officers and the individual being investigated for cases that involve allegations of fraud in respect of both Council and DWP benefits.
- 9.4 The Team contributed to a pilot of the Public Service Management Training focused on Leadership and Ethics for staff Grade 10 and above. The purpose was to provide an overview on the links with whistleblowing and in particular roles and responsibilities for managers. Learning from this pilot has been reflected in an updated programme which will be rolled out in the summer of 2019.
- 9.5 Updated counter fraud policies were presented to Audit Committee for review in March. Following discussions with the Trade Unions a small number of amendments have been made to the Whistleblowing Policy and the Anti-Fraud Policy and have since been sent to the Chief Executive for approval.

Reactive

- 9.6 Internal Audit continued to address reported allegations of fraud or wrongdoing following risk assessment and consideration of appropriate action in line with the agreed policy and procedures. Steps to investigate were taken by Internal Audit, service management or through the application of other policies, such as corporate complaints or dispute resolution, as appropriate. In all cases Internal Audit retained an overview of the approach and outcome of investigations. The two main areas of casework and key issues arising in the period are set out below.

Corporate Cases

- 9.7 Internal Audit received 17 referrals of potential corporate fraud, theft or other irregularity in the first quarter of which three were considered whistleblowing allegations made either anonymously or from a named source and were handled under the Council's Whistleblowing Policy and Procedure. These were triaged, assigned and are being progressed in line with procedures.
- 9.8 The nature of investigation work remained similar to previous years and included concerns raised in respect of staff conduct and behaviours; employee compliance with procedures; and relationships with and activities of third party organisations. Progress updates and final reports are issued to the Chief Executive, City Solicitor, Deputy Chief Executive and City Treasurer and Director of HROD and summary details will be provided to Audit Committee in 2019 as part of the Annual Counter Fraud Report.

Council Tax Reduction Scheme, Housing Tenancy and Right to Buy

- 9.9 A total of 58 new referrals of fraud and irregularity in relation to Council Tax Support, Housing Tenancy Fraud and Right to Buy application fraud were received in the period. The service took steps to recover £16k of Council Tax Reduction overpayments and £108k of fraud has been prevented or detected where benefits accrue to the wider public sector such as DWP or housing providers.

10 Recommendation Implementation

- 10.1 Internal Audit monitored implementation of recommendations, engaging with managers to assess exposure to risk in areas where actions remained outstanding and to explore options for mitigation of risk. Overdue recommendations are reported in more detail to Strategic Directors and Executive Members for consideration at six and nine months overdue as necessary. A separate report to Audit Committee provides details of the progress and actions to implement overdue high priority recommendations.
- 10.2 The number of critical, major or significant priority recommendations fully implemented was 71% with a further 20% partially implemented. This is above the target of 70% and a significantly higher level of implementation than in previous quarters. This positive position is a product of a number of

proactive steps including the ongoing commitment from management to addressing areas of exposure to risk and taking more timely actions to address recommendations where this has been feasible. A new system and process has also been developed that provides relevant managers with live access to the audit record of recommendations, enabling services to provide status updates on an ongoing basis and this has already had a positive impact in terms of client awareness and engagement.

- 10.3 The figures below show the total number of recommendations due for implementation and status of those recommendations at the end of June 2019 based on information and evidence at that time. We can report that progress continues to be made and managers are generally engaged in the implementation process. The details of progress and areas of challenge to effective implementation are contained in the recommendation report presented to Audit Committee in July 2019.

Critical, Major or Significant Priority Recommendations by Directorate

| Directorate | Number | Implemented | Partially Implemented | Referred Back to the Business | Outstanding |
|---|---------------|--------------------|------------------------------|--------------------------------------|--------------------|
| Corporate Core | 34 | 27 | 4 | 0 | 3 |
| Children's Services | 17 | 12 | 2 | 0 | 3 |
| Adult Services | 12 | 4 | 6 | 0 | 2 |
| Growth & Development and Neighbourhoods | 16 | 16 | 0 | 0 | 0 |
| Total | 83 | 59 | 16 | 0 | 8 |
| | | 71% | 20% | 0 | 9% |

11. Recommendation

- 11.1 Members are requested to consider and comment on the Internal Audit Assurance Progress Report to 30 June 2019.

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Appendix One: Audit Status, Opinions and Business Impact

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|--|---------------------|--------------------------|--------------------------------|
| Children's and Families 2018/19 Brought Forward Work | | | |
| Assessed and Supported Year in Employment (AYSE) 21.5.19 | Final | Moderate ● | Not Set – 2018/19 audits |
| Schools Procurement (Thematic) 12.7.19 | Final | Moderate ● | |
| Children's Services – Management Oversight and Supervisions 9.5.19 | Final | Moderate ● | |
| Deprivation of Liberty Safeguards (DoLS) 3.5.19 | Final | Limited ● | |
| Floating Support - Support to Homeless Citizens in Temporary (Dispersed) Accommodation 29.5.19 | Final | Limited ● | |
| Adults Services – Management Oversight and Supervisions 5.4.19 | Final | Limited ● | |
| Mental Health Casework Compliance 5.4.19 | Final | Limited ● | |
| St Matthew's RC High School 3.5.19 | Final | Limited ● | |
| Off Rolling of Pupils | Final | Moderate ● | |
| Manley Park High School | Final | Moderate ● | |
| Ofsted Improvement Plan | Draft | Moderate ● | |
| Planning for Permanence | Fieldwork complete | Set at Draft | |
| Local Care Organisation – Governance | Fieldwork complete | | |
| MHCC – Financial Framework Compliance | Fieldwork started | | |
| Children's and Education Services 2019/20 | | | |
| St Peter's Catholic Primary School, Financial Health Check | Fieldwork complete | Set at draft | Low |
| Schools Assurance Framework | Fieldwork started | Set at draft | Medium |
| Free Early Education Entitlement (FEEE) | Planning | Set at draft | High |
| Adoptions Policy and Procedure | Not started | | High |
| Children's Services: Quality Assurance Framework and Safeguarding and Improvement Unit | | | High |
| Early Help: Delivery | | | High |
| Children's Services – Supervisions and Management Oversight – Follow Up | | | High |

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|---|----------------------|-------------------|------------------------------|
| Schools Quality Assurance Framework | | | High |
| SATs Quality Assurance Framework | | | High |
| Safer Recruitment | | | High |
| Special Educational Needs (SEND) | | | High |
| Adults Services, including MHCC and MLCO 2019/20 | | | |
| MHCC – Financial Sustainability Plan | Fieldwork started | Set at draft | Medium |
| Adults Improvement Plan Governance | Planning | | High |
| Manchester Services for Independent Living (MSIL) | | | High |
| Adults Improvement Plan Delivery (block of time) | Not started | | High |
| Adults Social Work Casework Compliance | | | High |
| Integrated Delivery Teams | | | High |
| Mental Health Panels | | | High |
| Health and Social Care Assurance Framework | | | High |
| Manchester Health and Care Commissioning Block | | | High |
| Deprivation of Liberties – Follow Up | | | High |
| Mental Health casework – Follow Up | | | High |
| Adults Services – Management Oversight and Supervisions – Follow Up | | | High |
| Corporate Services Brought Forward Work 2018/19 | | | |
| Core Systems: Payments (SAP) 09.05.19 | Delivered | Not set | Not set 2018/19 audits |
| Core Systems: Revenue Budget Monitoring 14.05.19 | Delivered | Substantial ● | |
| Our Manchester VCS Grants – Outcome Monitoring 20.06.19 | Delivered | Moderate ● | |
| GDPR – Post Implementation Review 20.06.19 | Delivered | Substantial ● | |
| Risk Governance Assurance 24.05.19 | Delivered | Substantial ● | |
| Data Centre Replacement | Field Work Completed | Briefing note | |

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|---|----------------------|---|-------------------------|
| Our Manchester – Performance Management Framework | Field Work Completed | Briefing note | |
| Corporate Services 2019/20 | | | |
| Our Town Hall: Allocation of Work Packages 28.05.19 | Delivered | Substantial ● | N/A Assurance Review |
| Grant Certification: Greater Manchester Pension Fund 03.05.19 | Delivered | Not applicable – non opinion audit work | |
| Core Systems: Payroll Continuous Audit (Q1) 12.07.19 | Delivered | | |
| Core Systems: Treasury Management Draft 05.07.19 | Draft | Substantial ● | Medium |
| GSuite: Application Audit Draft 10.07.19 | Draft | Reasonable ● | High |
| Cyber Security | Field Work Completed | Set at draft | High |
| Grant Certification: Carbon Reduction Commitment | Field Work Started | | Medium |
| Core Systems: Revenue Budget Setting | Planning | | Medium |
| Core Systems: Income (SAP) | | | Medium |
| Data Protection Impact Assessments | | | Medium |
| Officer Decision Making: Recording | | | Not Started |
| Capital Strategy: Governance | High | | |
| Recruitment and Selection | Medium | | |
| Workforce Development Planning | Medium | | |
| User Experience Programme: Asset Management | Medium | | |
| Our Town Hall (Block) | High | | |
| Liquidlogic (Block) | High | | |
| Digital Experience Programme (Block) | Medium | | |
| Core Systems: Council Tax | High | | |
| Core Systems: Income (Other) | Medium | | |
| Core Systems: Payroll Continuous Audit (Q2-Q4) | Medium | | |
| Grant Certification: URBACT C-Change | | Low | |

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|--|-------------------|---|------------------------|
| Grant Certification: Interreg ABCitiEs | | | Low |
| Liquidlogic: Access Control | Planning | Advice and Guidance | |
| Annual Governance Statement | Not Started | | |
| Our Town Hall: Incentive Model | | | |
| Capital Project Management | | | |
| Software Licensing: Follow up | | Follow Up Audit | |
| Core Financial Systems: Assurance Framework | Planning | Not applicable – non opinion audit work | Low |
| Making Tax Digital | Not Started | | Low |
| Corporate Core Transformation | | | Low |
| ICT Assurance Framework | | | Low |
| Growth and Development and Neighbourhoods Brought Forward Work 2018/19 | | | |
| Highways Framework Contracts – Award of Work, Monitoring of Payments and Performance 25.04.2019 | Final | Moderate ● | Not set 2018/19 audits |
| MSIRR (Regent Road) – First Payment Request 15.05.2019 | Final | Briefing Note | |
| MSIRR (Regent Road) – Second Payment Request 14.06.2019 | Final | Briefing Note | |
| Northwards Capital Project Management 25.06.2019 | Final | Substantial ● | |
| Governance of City Centre Delivery | Draft | Moderate ● | |
| Growth and Development and Neighbourhoods 2019/20 | | | |
| Neighbourhood Investment Fund | Fieldwork Started | Set at draft | Low |
| Regent Road - 3rd Payment Review | | | High |
| GM Road Activities Permit Scheme (GMRAPS) | Planning | | Medium |
| Section 106 (Planning Obligations) | | | Medium |
| Trading Standards | | | Medium |
| Residential Growth Strategy and Affordable Housing | | | High |
| Approach to Neighbourhood Delivery | | | High |
| Highways Assurance Framework | | | High |

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|--|---------------------|--------------------------|--------------------------|
| Highways Investment Programme Plan | Not Started | | High |
| Highways Service Redesign | | | Medium |
| Highway Grant Certifications | | | Low |
| Highways Contracts Financial Due Diligence | | | Medium |
| NCP Contract replacement | | | High |
| Approach to Recycling | | | High |
| Contract Monitoring: Leisure | | | Medium |
| Casework Management: Flare Upgrade | | | Medium |
| Planning Applications | | | Medium |
| Management of Major Housing Developments within the City. | | | High |
| DFG (Main) Grant Certification | | | Low |
| DFG (Additional) Grant Certification | | | Low |
| Work and Skills | | | Medium |
| Regent Road - Final Payment Review | | | High |
| Procurement, Commissioning and Contracts (PCC) 2018/19 Brought Forward Work | | | |
| Prevention and Detection of Procurement Fraud – Use of System Data 06.06.19 | Final | Moderate ● | Not set 2018/19 audit |
| Procurement, Commissioning and Contracts (PCC) 2019/20 | | | |
| PCC Assurance Framework | Fieldwork started | Development | N/A |
| Public Contracts Regulations Compliance | Fieldwork complete | Set at draft | Medium |
| Decommissioning Contracts: Leaving Care | Planning | | Medium |
| Contract Management: Adults (Complex Needs) | Planning | | High |
| Contract Management: Children's (Placements) | Not started | | High |
| Contracts Performance Management: Key Performance Indicators | | | High |
| Contract Monitoring: Leisure (Growth and Neighbourhoods Plan) | | | High |
| Contract Management: Block | | | Medium |

| Audit Area | Audit Status | Assurance Opinion | Business Impact |
|---|--------------------|------------------------|-----------------|
| Factory Project | | | High |
| Framework Agreements: Award and Selection | | | High |
| Contracts Spend Review | | | High |
| Factory Project Grant Certification | | | Mandatory |
| Highways Framework Follow Up 17.06.19 | Final | Implemented ● | Medium |
| Insurance Arrangements in Contracts Follow Up 18.06.19 | Final | Implemented ● | Medium |
| Contractor Whistleblowing Arrangements Follow Up | Fieldwork complete | Set at draft | Medium |
| Taxi Framework Follow Up | Fieldwork started | Set at draft | Medium |
| Contract Governance Framework Agreements – Follow Up | Not started | Set at draft | Medium |
| Modern Slavery: Safeguarding in Contracts | Not started | Not Set - Discovery | High |

Appendix Two: Audit Report Executive Summaries (Opinion Audits)

The following Executive Summaries have been issued for audit opinion reviews finalised in the quarter and are attached below.

| Reference in Appendix | Audit Area | Audit Status |
|------------------------------|--|---------------------|
| ES 1 | Highways Framework Follow Up 17.06.19 | Final |
| ES 2 | Insurance Arrangements in Contracts Follow Up 18.06.19 | Final |

ES1. Manchester City Council Internal Audit 2019/20**Neighbourhoods Directorate****Highways Framework TC886 Follow Up Report****Distribution - This report is confidential for the following recipients**

| Name | Title |
|-------------------|---|
| Steve Robinson | Director of Operations, Responsible Officer |
| Fiona Worrall | Strategic Director (Neighbourhoods), Accountable Officer |
| Councillor Stogia | Executive Member |
| | |
| Ian Halton | Head of Design, Commissioning and PMO |
| Peter Schofield | Head of Integrated Commissioning and Procurement |
| Joanne Roney | Chief Executive |
| Carol Culley | Deputy Chief Executive and City Treasurer |
| Fiona Ledden | City Solicitor |
| Janice Gotts | Deputy City Treasurer |
| Karen Murray | External Audit |

| | |
|---------------|--------------|
| Report Issued | 17 June 2019 |
|---------------|--------------|

| Report Authors | | |
|-----------------------|--------------|--------|
| Senior Auditor | Jess Jordan | X36842 |
| Interim Lead Auditor | Clare Roper | X35264 |
| Audit Manager | Kathryn Fyfe | X35271 |

| Audit Objective | Overall Implementation Status |
|---|--------------------------------------|
| To provide assurance over the implementation of audit recommendations agreed in response to the audit of Highways Framework TC886 issued in January 2019. | Implemented |

1. **Audit Summary**

1.1 In December 2018 we undertook a review of a Highways Framework Agreement (TC886 – Highways and Infrastructure Framework) to provide assurance over the governance arrangements and management of the framework.

1.2 Based on the work undertaken we provided a limited assurance opinion and made the following number of recommendations for improvement with agreed target dates for implementation between January and March 2019.

| Priority | Accepted | Rejected |
|-------------|----------|----------|
| Critical | 0 | 0 |
| Significant | 2 | 0 |
| Moderate | 2 | 2 |
| Minor | 0 | 0 |

1.3 In order to provide assurance to the Accountable Officer (SMT Chief Officer), SMT and Audit Committee we undertook a follow up audit to confirm whether the exposure to risk had reduced.

1.4 This was not a full re-review of the operation of the Highways and Infrastructure Framework but rather an assessment of progress made with the implementation of the agreed audit recommendations.

2. **Conclusion and Opinion**

2.1 Our review of progress against these recommendations shows that all four have now been implemented we therefore conclude there is a reduction in the overall exposure to risk associated with the current framework.

2.2 The original recommendations and current confirmed status are attached below.

2.3 Based on the work completed and assurance obtained we will include the reported status of these actions in our quarterly update reports to SMT and Audit Committee.

Status Update

Note that recommendations 2 and 5 were low priority with no agreed actions where management accepted the reported risks on receipt of the original, final report.

Recommendation 1 (Significant)

The Director of Operations should consider how to demonstrate that value for money is achieved from direct allocations. This may be through the use of market testing or knowledge or a comparison of the quote provided against expected costs generated from the schedule provided as part of the tender process. The results of any value checks undertaken should be recorded on the direct allocation sheet. Officers should be reminded that suppliers can be rejected and the next supplier approached where the quote provided is shown not to provide value for money.

Internal Audit Assessment:

Since the audit was completed the Director of Operations has provided staff with a reminder regarding the value for money aspect of the award process and the direct award report has been amended to include a section which clearly outlines why value for money is being achieved. We note that the direct award route is only rarely used now and continues to be subject to six monthly reviews with senior Procurement and Internal Audit staff.

As such we consider this recommendation is now implemented.

Recommendation 3 (Significant)

The Director of Operations should formalise the process for administering the management fee in readiness for increased use of the framework. This should then be applied for all projects going forward.

Internal Audit Assessment:

We have now seen the completed process which shows how the administration fee is implemented with responsibility for raising the charge falling to the individual project leads. Agreement over whether payments will be staged or made in a lump sum is to be agreed over individual projects due to the variety in size and complexity of projects going through the process.

As such we consider this recommendation is now implemented.

Recommendation 4 (Moderate)

The Director of Operations should progress with identifying the pipeline of work as a priority and once in place is maintained on an ongoing basis. Once the pipeline is identified contract management meetings with all suppliers used should be undertaken on an at least annual basis to confirm satisfaction with performance and to identify any areas of improvement for future years.

Internal Audit Assessment:

A pipeline document is now in place and continues to be developed as new projects are formulated. We are aware this is a living document and that the Director of Operations would aim to extend the view of the document further into the future as and when this information is available.

As such we consider this recommendation is now implemented.

Recommendation 6 (Moderate)

The Director of Operations should ensure that appropriate insurance checks are in place ahead of any direct allocations being made. This may be through checks by individual call off staff but given the value and volume of allocations on these lots a better use of resources may see those checks centrally coordinated for lots 1 and 5. This should also consider how assurance is gained that the insurance provisions are appropriate for projects which take place over a longer time frame.

Internal Audit Assessment:

A tasks and responsibilities sheet has now been designed to be completed by the project teams which includes the requirement to ensure that the correct level of insurance is in place throughout the life of the project.

As such we consider this recommendation is now implemented.

ES2. Manchester City Council Internal Audit 2019/20**Corporate Core: Corporate Services Directorate****Insurance Arrangements in Contracts Follow Up Report****Distribution - This report is confidential for the following recipients**

| Name | Title |
|----------------------|---|
| Peter Schofield | Head of Integrated Commissioning and Procurement, Responsible Officer |
| Janice Gotts | Deputy City Treasurer, Accountable Officer |
| Councillor Ollerhead | Executive Member |
| | |
| Mark Leaver | Strategic Lead, Integrated Commissioning |
| Paul Murphy | Group Manager, Procurement |
| Karen Lock | Procurement Manager Level II |
| Lisa Richards | Insurance and Claims Manager |
| Joanne Roney | Chief Executive |
| Carol Culley | Deputy Chief Executive and City Treasurer |
| Fiona Ledden | City Solicitor |
| Karen Murray | External Audit |

| | |
|---------------|--------------|
| Report Issued | 18 June 2019 |
|---------------|--------------|

| | | |
|-----------------------|--------------|--------|
| Report Authors | | |
| Senior Auditor | Jess Jordan | X36842 |
| Interim Lead Auditor | Clare Roper | X35264 |
| Audit Manager | Kathryn Fyfe | X35271 |

| Audit Objective | Overall Implementation Status |
|--|--------------------------------------|
| To provide assurance over the implementation of audit recommendations agreed in response to the audit of Insurance Arrangements in Contracts issued in September 2018. | Implemented |

1. **Audit Summary**

1.1 In September 2018 we undertook a review of the insurance arrangements in contracts to provide assurance that there were appropriate controls in place to ensure sufficient cover was being maintained by contractors throughout the life of contracts.

1.2 Based on the work undertaken we provided a limited assurance opinion and made one recommendation for improvement with an agreed target date for implementation of December 2018.

| Priority | Accepted | Rejected |
|----------------|----------|----------|
| Critical/Major | 1 | 0 |
| Significant | 0 | 0 |
| Moderate | 0 | 0 |
| Minor | 0 | 0 |

1.3 In order to provide assurance to the Accountable Officer (SMT Chief Officer), SMT and Audit Committee we undertook a follow up audit to confirm whether the exposure to risk had reduced.

1.4 This was not a full re-review of the insurance arrangements in contracts but rather an assessment of progress made with the implementation of the agreed audit recommendation.

2. **Conclusion and Opinion**

2.1 Our review of progress against the recommendation shows that it has now been implemented we therefore conclude there is a reduction in the overall exposure to risk associated with this area.

2.2 The original recommendation and current confirmed status are attached below.

2.3 Based on the work completed and assurance obtained we will include the reported status of these actions in our quarterly update reports to SMT and Audit Committee.

Recommendation 1 (Major)

The Head of Strategic Commissioning and Head of Corporate Procurement in conjunction with the City Solicitor should define contract managers' responsibilities around insurance cover within contracts.

As part of this additional consideration should be given to:

- The process for 'handover' of insurance information from Corporate Procurement to the contract manager and whether this should be formalized to encourage ownership of the process.
- The need for additional checks where supplier financial difficulty is identified to ensure that payments are being maintained to ensure continuance of cover (and the format that this may take).
- The enhancement of existing guidance available for contract managers to require them to act on renewal dates promptly to confirm appropriate cover is in place. This could be covered as part of annual contract management reviews.

Internal Audit Assessment:

Since the audit was completed the Integrated Commissioning team have taken action to amend and clarify the standard MCC contract documents and guidance to clarify the risks and roles around insurance. This work included an update of the corporate Contract Management User Guide to include a number of slides on contract managers' responsibilities over insurance in contracts which is available on the intranet. Implementation checklists and suggested contract management agendas have been updated to reflect the need for insurance to be included as part of discussions with the contractor. Information on the checks to be undertaken was also included in the Commercial Bulletin issued earlier in the year. Work has commenced to include responsibilities around this in the Raising the Bar contract modules and Our Manchester direct staff training. This will also be included in the upcoming e-learning modules on contract management to be rolled out later this year.

As such we consider this recommendation is now implemented.

Appendix Three: Basis of Audit Assessment

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

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**Manchester City Council
Report for Information**

Report to: Audit Committee - 30 July 2019

Subject: Outstanding Audit Recommendations

Report of: Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management

Summary

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

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

Recommendations

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

Wards Affected: All

Contact Officers:

Carol Culley
Deputy Chief Executive and City Treasurer 0161 234 3506
E-mail carol.culley@manchester.gov.uk

Tom Powell
Head of Internal Audit and Risk Management 0161 234 5273
E-mail t.powell@manchester.gov.uk

Background documents (available for public inspection):

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

- Outstanding Audit Recommendations Report to Audit Committee February 2019

1 Introduction

- 1.1 Audit Committee are provided with regular reports on actions taken to address outstanding high priority recommendations made by both Internal and External Audit. .
- 1.2 Details of progress on all individual outstanding recommendations are provided to Strategic Management, Executive Members and Audit Committee to enable oversight of progress to address exposure to risk. It should be noted that in line with the new audit approach the category “major” in respect of recommendations has been withdrawn for new audit work so there are now four categories: critical, significant, moderate and minor. High priority represents those recommendations classified by Internal Audit as critical or significant and deadlines are those agreed with the business at the time of the audit.
- 1.3 This report provides the details of outstanding recommendations in the high categories. It focuses solely on Internal Audit recommendations as there are currently no External Audit recommendations outstanding.

2 Process

- 2.1 Internal Audit follows up management actions on agreed high priority recommendations formally at least quarterly to provide independent assurance that progress is being made to address risk. Management are required to provide evidence to support and confirm implementation to enable an assessment of sufficiency of actions taken. Internal Audit consider this evidence and may choose to re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively.
- 2.2 Progress made in the implementation of agreed actions from audit reports is reported quarterly to Directorate Management Teams (DMTs), Senior Management Team (SMT), and Audit Committee. For any high priority recommendations reaching six months overdue Executive Members are notified for information. At nine months overdue, Strategic Directors are required to attend Audit Committee with the relevant Executive Member to explain the position and any actions being proposed to address or accept the reported risks.
- 2.3 If recommendations are not implemented within 12 months of the due date and subject to any additional requirements or actions agreed by Audit Committee, Internal Audit refer the risks back to Strategic Directors to consider as part of their own assurance risk assessment.
- 2.4 Strategic Directors gain wider assurance over the implementation of recommendations as part of DMT reports, Internal Audit reporting and annual governance statement questionnaires which are completed by all Heads of Service, and the results are summarised in the Council’s Annual Governance Statement.

3 Current Implementation Position

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

Implemented Recommendations (Appendix 1)

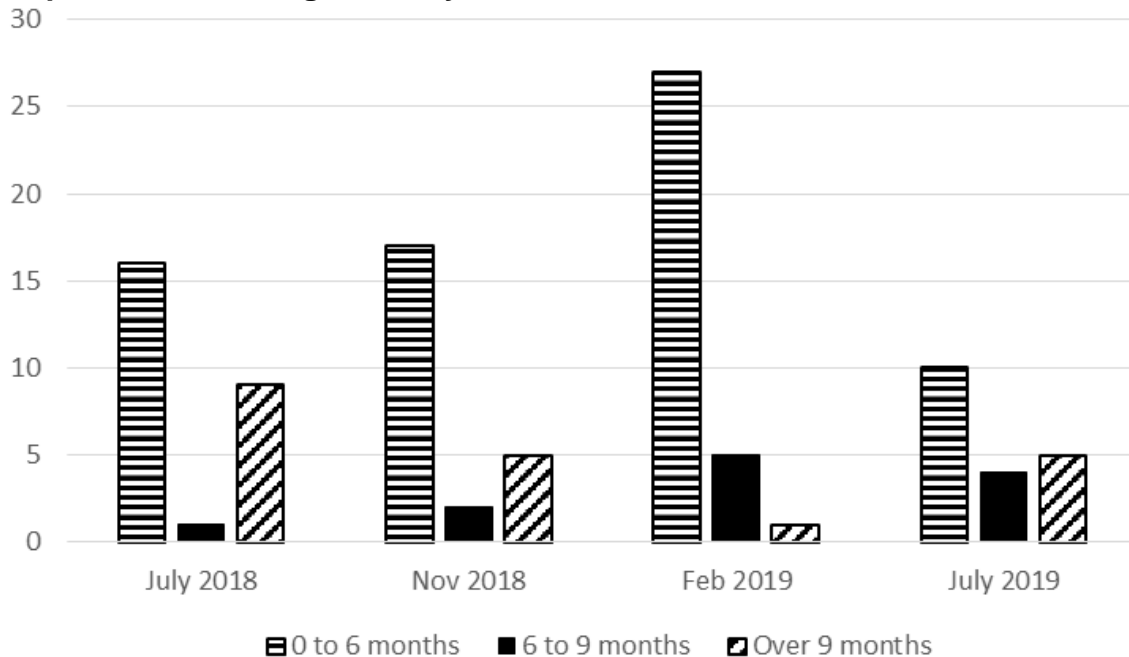
- 3.2 Since the last update in February 2019 Internal Audit has confirmed that there has been action completed to address 32 high priority recommendations in 21 audits which implemented as follows:
- Art Gallery Contract Management (4)
 - HROD Contract Management (2)
 - Factory Governance Arrangements (1)
 - Multi Links Commissioning Review – Advice and Guidance (1)
 - Insurance Arrangements in Contracts (1)
 - Contractor Whistleblowing Arrangements (2)
 - Highways Framework (2)
 - Factory Financial Reporting (1)
 - ICT Software Licensing (1)
 - Income and Debt Management Investment Estate (1)
 - Corporate Taxi Framework (3)
 - Transition to Adult Services (2)
 - MASH (1)
 - Early Help (3)
 - Troubled Families (1)
 - Children Missing from Home (1)
 - School Attendance: Penalty Notices (1)
 - Retail Markets (1)
 - Purchase Cards (1)
 - Social Value (1)
 - Town Hall Disposals (1)

Outstanding Recommendations

- 3.3 There remain in total 19 recommendations in 12 audit reports are currently overdue past the agreed implementation dates as follows:
- Five recommendation which has been outstanding over nine months
 - Four recommendation are six to nine months overdue
 - 10 recommendations are between one and six months overdue
- 3.4 The 19 recommendations comprise actions that remain fully outstanding (9) or have been classed as partially implemented (10). All of the recommendations outstanding over 9 months are in progress and updates have previously been provided to Audit Committee by the Director, Assistant Director and Executive Member

- 3.5 Overall implementation as at July 2019 is positive compared to prior periods. Graph 1 below shows the reported position on all numbers of high priority recommendations outstanding over the last 12 months. There was a peak of recommendations outstanding in February 2019 (33) and a significant decrease in the last period in recommendations up to six months overdue. The increase in recommendations outstanding over nine months in this period relates to the Adults Services actions noted above and explained further in paragraphs 3.7-3.9 below.

Graph 1: Overdue High Priority Audit Recommendations 2018-2019



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

Overdue More than Nine Months (Appendix 2)

- Homecare Services - Contract Management (1 partially implemented)
- Disability Supported accommodation Services (2 partially implemented)
- Transition to Adults (3 recommendations, 2 of which partially implemented)

- 3.7 For Homecare Services the Assistant Director attended Audit Committee in March 2019 and confirmed that interim arrangements had been put into place pending the establishment of the new contract framework. This is a review process to provide greater assurance over the accuracy and completeness of billing including verification of variations. Any repeated invoicing which is regularly above or below contracted hours is allocated for internal review to ensure citizens are receiving the right level of care. In order to support capacity to manage the required reviews the service is currently recruiting more managers as part of the Adults Improvement Plan. A new implementation date of October 2019 was agreed with Audit Committee and at that stage Internal Audit will seek assurance and update Committee on actions taken to meet this new deadline.
- 3.8 Some action to address the outstanding recommendations from the Disability Supported Accommodation Services audit has been taken by management who recognised the need for improvement. There has been some delay in providing evidence of implementation of actions including details of a register of service users and evidence that the quality audit approach is now embedded within the service. The new service manager is now in place and a formal follow up audit is now planned for completion in July.
- 3.9 Transitions has been included in the Adults Improvement Plan for the coming year and is considered a high priority. Planned actions include a review of vision and strategy which will inform the basis of the new service. Audit Committee received an update on this area of risk from the Assistant Director Adult Services and Executive Member, Adults Health and Wellbeing in March 2019. Internal Audit have confirmed that the Transitions Board is now established with terms of reference to take forward the service improvement work and that interim actions have been taken to strengthen parts of the service but it is acknowledged that there remains significant work to do. Internal Audit propose that the Director of Adult Services is asked to attend Audit Committee to provide an update on progress to implementation as part of the Adults Service Improvement action plan in September 2019.

Overdue for 6 – 9 months (Appendix 3)

- 3.10 Four recommendations have been overdue for between six and nine months in four audit reports.
- Multi Links Commissioning Review – Advice and Guidance (1)
 - Children Missing from Home (1 partially implemented)
 - Purchase Cards (1)
 - ICT Software Licensing (1 partially implemented)

Overdue less than 6 months (Appendix 4)

3.11 10 recommendations have been overdue for between one and six months in six audit reports. Some of these reports also include additional recommendations which have not yet fallen due or include moderate risk recommendations and all have agreed action plans. Internal Audit will continue to monitor these as part of an activity programme of review and as part of scheduled follow up audits. The recommendations are all shown in appendix four and relate to the following:

- Children Missing from Home (2)
- Factory Project: Financial Reporting (1 partially implemented)
- Off Rolling Arrangements (1)
- School Attendance: Penalty Notices (1 partially implemented)
- Adults Oversight and Supervisions (2 recommendations)
- ICT Software Licensing (3 of which 1 partially implemented)

4 Recommendations

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

Appendix 1 – Implemented Recommendations

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------------|--|---|--|------------------------------------|
| Art Gallery Contract Management 23 July 2018 | 28 September 2018 | The Deputy Director of Galleries should set up and agree with the Development Trust a formal agreement to detail the relationship between the Gallery and Development Company. The formal agreement should also include information on: <ul style="list-style-type: none"> - Any payback mechanism for profits generated by the provision. - Performance measures that should be reported on (financial and non-financial), including the levels at which performance is deemed to be below standard. - Change management processes including a method for recording any formally agreed changes. - Any conditions or restrictions on venue hire conditions once approved. | Service Level Agreement to be drafted between the Development Company and the gallery | We recently confirmed that a signed service level agreement is now in place which covers the agreement between the Council and the Development Company for the provision of café and catering services to support and sustain the Gallery Café and Manchester Art Gallery events. Internal Audit Opinion: Implemented | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------------|--|--|--|---|
| Art Gallery Contract Management 23 July 2018 | 28 September 2018 | <p>The Deputy Director of Galleries should identify any potentially conflicting roles and introduce safeguards to ensure that officers are acting in a clear and transparent manner. This could be achieved through incorporating a non-conflicted MCC officer into the contract management process who is not involved in the day to day management of the service provision in order to improve segregation and allow officers to:</p> <ul style="list-style-type: none"> - Challenge management of the service to ensure value is being achieved. - Ensure that quality is being maintained and question any perceived drops. - Challenge costs being associated with the service and the calculation of any payment due to the Gallery. - Exit and termination issues, including any | Service Level Agreement to include management structure and KPI monitoring tools | <p>The signed agreement includes an outline management structure and KPI definitions which should mitigate the risks identified during our review.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|--------------------------|--|---|--|---|
| | | <p>benchmarking or review and approval arrangements that may be required prior to any decision to extend the current arrangements.</p> <p>Additional safeguards could be achieved through the clear documenting of the relationship between the Development Company and the Gallery and how any elements of potential conflict will be dealt with.</p> | | | |
| <p>Art Gallery Contract Management</p> <p>23 July 2018</p> | <p>28 September 2018</p> | <p>The Deputy Director of Galleries should ensure that formal approval is given for the transfer of the venue hire service and that the terms of the transfer are clear. It may be beneficial to consult with Corporate Procurement to ensure that all relevant procurement legislation is complied with on this matter.</p> | <p>Transfer of the venue hire service will be formally agreed alongside the Service Level Agreement.</p> <p>Service Level Agreement to include financial terms for payments to the gallery.</p> | <p>The transfer of the venue hire services was formally agreed by both parties through the signing of the SLA.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------------|--|--|--|------------------------------------|
| Art Gallery Contract Management 23 July 2018 | 28 September 2018 | <p>The Deputy Director of Galleries should ensure that a clear methodology for calculating future payments is put in place. Ideally this should be incorporated as part of the formal agreement between the Gallery and Development Trust recommended above.</p> <p>Once agreed this methodology should be applied consistently, if it is not appropriate to follow the methodology at any point a clear record should be kept of the reasons why, the changes applied and whether these changes are temporary or permanent.</p> | Service Level Agreement to include financial payment schedule and details of how payment is calculated. | <p>The final version of the SLA includes details of how payments will be scheduled. The minimum contribution will be agreed by negotiation each year.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required. |
| HROD Contract Management 23 July 2018 | 1 September 2018 | The Contract Manager should actively monitor the levy to ensure there are enough funds available to cover all the learners and that all the funds will be spent. | Monitoring of actual and projected Levy spend and clawback risk to be incorporated into the quarterly workforce assurance dashboard to ensure visibility by HROD DMT and SMT | The quarterly dashboard now includes monitoring information on the levy which includes details on the number of apprenticeships and details over any potential clawbacks which ensures visibility by senior officers and allows for further action to be taken where | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|-----------------|---|--|--|------------------------------------|
| | | The position in regards to potential clawback will need to be monitored by management on an ongoing basis to ensure that we are utilising the funds in the most effective manner. | | necessary. Internal Audit Opinion: Implemented | |
| HROD Contract Management 23 July 2018 | 1 December 2018 | <p>The Contract Manager for Occupational Health should identify why the contract KPIs are not measured and incorporate the measurement of these into future KPI reporting.</p> <p>The contract manager for apprenticeships should put in place performance measures for each provider to report against, some examples of these include:</p> <ul style="list-style-type: none"> • Number of compliments / complaints received. • Number of apprenticeships. • Progress of learners. • Number of apprenticeships completed. • Money spent from the levy | <p>The Occupational Health contract manager has worked with the provider to ensure monitoring arrangements are in place for the missing KPIs. Measures on customer satisfaction and reports issued within 48 hours will be monitored on an annual and quarterly basis going forwards. Work is underway to ensure cumulative monitoring of the % of reports requiring clarification.</p> <p>A set of KPIs will be established and utilised for MCC apprentice providers as part of the annual review cycle (see below). - As provision moves to coordination under the GM</p> | <p>The previously outstanding element of this recommendation has been resolved through the recently held annual review meetings with providers where they were informed of the need to report against a suite of KPIs going forward.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|------------|--|--|---|---|
| | | for course. • Amount of levy remaining. | DPS the MCC apprenticeship lead will work to ensure effective contract KPIs are in place. | | |
| Factory Governance Arrangements 5 September 2018 | 30 Sept 18 | <p>The SRO, with key project officers, should review the following areas to provide further clarity and to strengthen the existing governance framework.</p> <p>Quorum requirements – consider whether it is appropriate to designate that at least one of the SRO, Project Director or Project Lead should be present for the meeting to be quorate.</p> <p>Decision Making – Clarify where decision making rights lie and the roles of attendees from the different bodies around this.</p> <p>Deputies – Clarify whether deputies are to be treated as the member they are deputising for or if there are</p> | Review the governance structure and protocols to include the quorum requirements and the decision making status of the various Boards. | <p>We have confirmed that the governance aspects in the recommendation have been addressed and the updated governance paper was presented to the November Board meeting and approved.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------------------|---|---|---|---|
| | | <p>limits to the powers being delegated.</p> <p>Board and role titles should be clarified and the governance paper updated to ensure these are referred to consistently.</p> <p>The governance document should then be amended to reflect any amendments or improvements agreed.</p> | | | |
| <p>Multi Links Commissioning Review – Advice and Guidance</p> <p>22 August 2018</p> | <p>31 December 2018</p> | <p>The Fostering Team Manager should put a process in place to record all approved short break requirements with an indicator of whether that demand is being met, so that assessments can be made at any point during the year whether there is currently sufficient supply available or whether more carers should be identified to provide additional capacity.</p> <p>A monitoring process should</p> | <p>Robust monitoring processes have been implemented to ensure management have clear oversight of number of nights currently provided to children and any sufficiency measures that may be required.</p> <p>Going forward a further strategic panel may be required to review each provider independently from the fostering annual reviews and discuss any concerns, capacity and agreed actions</p> | <p>We were satisfied that monitoring spreadsheets have been established to help provide oversight that carers are meeting the minimum requirements. These can also be used to identify spare capacity ensuring the needs of children are being met.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|------------------------|-------------|---|---|--|--------------------------|
| | | <p>also be put in place to track the level of service from each provider on an ongoing basis so that:</p> <ul style="list-style-type: none"> - this can be compared with any minimum provision requirements and relevant action taken. - spare capacity can be easily identified to aid the placement of new short break approvals. - checks can be made that individual providers are able to utilise holiday allowances and are not subject to over demand. - checks can be made that each child is receiving their approved care package. - queries over payments can be easily resolved. | to be taken. | | |
| Insurance Arrangements | 31 December | The Head of Strategic Commissioning and Head of | Integrated Commissioning Team to amend standard | Guidance has been updated to define contract managers' | No further action |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions required. |
|--------------------------------------|----------|---|---|--|---------------------------------|
| in Contracts 4 September 2018 | 2018 | <p>Corporate Procurement in conjunction with the City Solicitor should define contract managers' responsibilities around insurance cover within contracts.</p> <p>As part of this additional consideration should be given to:</p> <ul style="list-style-type: none"> • The process for 'handover' of insurance information from Corporate Procurement to the contract manager and whether this should be formalized to encourage ownership of the process. • The need for additional checks where supplier financial difficulty is identified to ensure that payments are being maintained to ensure continuance of cover (and the format that this may take). • The enhancement of | <p>MCC contract documents and guidance to include contract managers' responsibilities on insurance. Revised versions will be shared with Internal Audit for information. Insurance to be covered in training organised by Integrated Commissioning.</p> | <p>responsibilities around insurance cover within contracts. Work has also been undertaken to enhance the training available for staff in commissioning and contract management roles with the first elearning package planned to be available in June 2019. We are satisfied that the risks raised during our review should be mitigated through the enhanced guidance available and delivery of the planned training plan to strengthen capacity and capability of this cohort through a structured programme.</p> <p>Internal Audit Opinion: Implemented</p> | |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|------------------|---|---|--|------------------------------------|
| | | existing guidance available for contract managers to require them to act on renewal dates promptly to confirm appropriate cover is in place. This could be covered as part of annual contract management reviews. | | | |
| Contractor Whistleblowing Arrangements 4 September 2018 | 31 December 2018 | The Head of Strategic Commissioning should incorporate training on whistleblowing into the training plan for contract managers. This should ensure that contract managers: <ul style="list-style-type: none"> • Are aware of their responsibilities over whistleblowing and the responsibilities of contractors. • Are clear who the whistleblowing allegations or concerns should be reported to within the Council. • Have a method for | Integrated Commissioning Team to amend standard MCC contract documents and guidance to include contract managers' responsibilities on whistleblowing. Revised versions will be shared with Internal Audit for information. Whistleblowing to be covered in training organised by Integrated Commissioning. Corporate Procurement will assist with putting a link to guidance on whistleblowing in their manuals once advised by Integrated Commissioning. | Guidance for contract managers has been enhanced to include further detail around whistleblowing. This will also form part of training delivered to contracts and commissioning officers through the Raising the Bar programme and e learning training which is near finalisation. We are satisfied that the risks raised during our review should be mitigated through the enhanced guidance available and delivery of the planned training plan to strengthen capacity and capability of this cohort through a structured programme. Internal Audit Opinion: | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------------------|---|--|---|---|
| | | <p>monitoring if the contractor has received whistleblowing allegations in relation to Council funded services.</p> <p>Consideration should also be given to uploading whistleblowing guidance as a separate document to the intranet to make it more accessible to staff should they need to refer back to it.</p> <p>Internal audit would be happy to explore and support the development of these responses.</p> | | Implemented. | |
| <p>Contractor Whistleblowing Arrangements</p> <p>4 September 2018</p> | <p>31 December 2018</p> | <p>The Head of Procurement and Head of Strategic Commissioning in conjunction with the City Solicitor should consider redrafting the standard terms and conditions to include reference to the supplier having a suitable whistleblowing procedure in place.</p> | <p>Deputy City Solicitor will lead on the amendment of the Council's standard terms and conditions to include requirements over whistleblowing. Once revised the Head of Strategic Commissioning will communicate this to the wider contract management community.</p> | <p>Colleagues from Integrated Commissioning, Procurement and Legal Services have recently undertaken work to amend the Council's standard terms and conditions which will be used going forward. We confirmed through a review of the revised Terms and Conditions that this included the need for suppliers to have a whistleblowing procedure</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|----------------------|---|---|--|---|
| | | <p>Thought should also be given to widening the request around whistleblowing policies in the tender questions to include more specific reference to the Public Interest Disclosure Act. Once the high level evaluation is complete and the contractor moves into the status of being a potential contractor requests for a copy of their whistleblowing policy could be made.</p> <p>This can then be passed on to the contract manager during the implementation phase.</p> | | <p>in place. We were informed that this revision will be included in the commercial bulletin in order to raise awareness amongst officers.</p> <p>Internal Audit Opinion: Implemented</p> | |
| <p>Highways Framework</p> <p>4 December 2018</p> | <p>31 March 2019</p> | <p>The Director of Operations should formalise the process for administering the management fee in readiness for increased use of the framework. This should then be applied for</p> | <p>The intention is to collect the management fee on an annual basis. For the single commission of MSIRR there will be regular valuation processes and the fee will be collected through that</p> | <p>The latest update received from the Director of Operations confirmed that the Highways PMO has developed a Highways Fee Collections Process which covers the process to be followed in administering the management</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-----------------|---|---|---|------------------------------------|
| | | all projects going forward. | method. | fee. Internal Audit Opinion: Implemented | |
| Highways Framework 4 December 2018 | 31 January 2019 | <p>The Director of Operations should consider how to demonstrate that value for money is achieved from direct allocations. This may be through the use of market testing or knowledge or a comparison of the quote provided against expected costs generated from the schedule provided as part of the tender process. The results of any value checks undertaken should be recorded on the direct allocation sheet.</p> <p>Officers should be reminded that suppliers can be rejected and the next supplier approached where the quote provided is shown not to provide value for money.</p> | <p>The Director of Operations reminded officers on 3 November that suppliers can be rejected and alternative means used to procure work</p> <p>The Director of Operations has also noted that from early 2019 a new tender, TC971, will be available that has rates in that have been tested through competition.</p> | <p>The latest update received from the Director of Operations established that the direct award route has only been used once recently due to risks associated with being able to demonstrate value for money. We have reviewed the direct award report which includes an overview of how value for money has been assessed in this case and are satisfied that value has been assessed.</p> <p>Internal Audit Opinion: Implemented.</p> | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|------------------|---|--|--|------------------------------------|
| Factory Project Financial Reporting 30 January 2019 | 28 February 2019 | The Project Director should ensure all narrative sections have been updated since the previous report. Where risk levels remain the same the narrative report should include information on any actions taken during the previous month or why it was not possible to mitigate the risk during that time. | The SRO has requested a review of the finance risks to ensure that these are appropriate and accurately reflect the position of the project. All narrative sections will be updated as required. | We have confirmed that a full review of the risk register has been undertaken to ensure that the relevant risks (at the correct risk levels) are in place for the current stage of the project. Internal Audit Opinion: Implemented | No further action required. |
| ICT Software Licensing 24 July 2018 | 31 August 2018 | The Council should ensure that the agreed remediation actions to address the SAP licensing non-compliance are implemented as a matter of priority. | Issue to be raised at earliest DLT opportunity to resolve any barriers to implementation and agree on timetable. This timetable to be communicated to IA. | ICT have commissioned an external partner to reassess the Council's exposure to risk with regard to SAP licensing. The outcomes of this had been taken forward and ICT were assured that the exposure to risk was being appropriately managed. Further work was underway to reassess use of higher value licenses across the Council but this was complex and being undertaken in stages. Internal Audit Opinion: Implemented | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|------------------|--|--|--|------------------------------------|
| Income and Debt Management – Investment Estate 22 May 2018 | 31 December 2018 | The Strategic Director (Development) should lead a review of actual and predicted income from the investment estate, and develop an associated action plan to maximise income and reduce budget pressure in the medium to long term. Delivery of this action plan should be overseen by the Investment Estate Board. | The Strategic Director (Development) will ensure that the recommended action plan is produced by the end of September 2018. This will be presented to the Investment Estate Board by the end of December 2018, and ongoing reporting arrangements will be agreed at that time. | The budget for 2019/20 has been set with these aims in mind and is regularly monitored. No further action is required at this time. Internal Audit Opinion: Implemented | No further action required. |
| Corporate Taxi Framework 17 December 2018 | 31 January 2019 | The Head of Corporate Procurement should ensure that the extension of the framework is approved as soon as possible. A forward commissioning plan should be used to ensure that the next tender exercise starts in a reasonable timeframe. The contract period should be reviewed at this point to consider whether a longer timeframe may be suitable between contract awards given the current resource | The extension is currently awaiting sign off, this will be completed asap. Contract period to be reviewed with consideration given for a contract period of 2yrs with the option to extend for a further 2 years | We confirmed that the extension of the framework was approved and we were provided with a copy of the extension report. The contract period has been reviewed as part of the retender exercise. Internal Audit Opinion: Implemented | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|--------------|---|---|---|------------------------------------|
| | | and capacity challenges. | | | |
| Corporate Taxi Framework 17 December 2018 | 30 June 2019 | The Head of Corporate Procurement should arrange for a comprehensive review of the process for booking and authorising taxi journeys. This should include a review of how suppliers are selected for individual journeys and how the information recorded by the taxi company can be used to verify the charges made once the invoice is received. Responsibilities over any checks will need to be defined and communicated. Internal Audit can provide support in this process. | We will undertake a review of booking arrangements with the assistance of Internal Audit. In the interim only limited checks will be able to be undertaken. | <p>Colleagues from Corporate Procurement have liaised with Internal Audit, HROD and Licensing regarding potential changes to the process for booking and authorising taxi journeys. Tender documents which we have been informed should be ready for issue shortly will allow for changes to the current process.</p> <p>Any further action required will be undertaken / adopted during the new contract period where the new process can be trialled.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|---------------|--|--|---|---|
| Corporate Taxi Framework 17 December 2018 | 30 April 2019 | <p>The Contract Manager should seek to gain assurance over the operation of the framework. The frequency and depth of checks could be prioritised according to risk given the very limited resources for fulfilling this role. We would recommend that at least annually a review of the framework is undertaken. This should incorporate the following:</p> <ul style="list-style-type: none"> · Total spend. · Spend per supplier. · Number of complaints including details of complaints which have progressed through an escalation process. · KPI findings. · Results of sample checks of journey prices. · Social value update. · Data sharing and any data quality issues. | <p>An annual review will be undertaken which will include high level information with random checks undertaken to establish if further action is required.</p> | <p>We were informed that the level of complaints received has been monitored ahead of the writing of the new specification which has provided some assurance over the current service being provided. The specification has been enhanced to include contract KPIs which can then be used as part of contract reviews to gain assurance over the operation of the framework once awarded. The first review is planned for three months following contract award when we will then seek further updates.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--------------------------------|---------------|---|---|--|-----------------------------------|
| | | The outcome of this review should be used to determine if a meeting with the suppliers is required. | | | |
| Transitions to Adults Services | 30 April 2018 | <p>The Interim Deputy Director of Adults Social Services should review and revise the membership of the Transition Board and its terms of reference.</p> <p>The Board should include Senior Management and the Deputy Director for both Adults and Children's Services in order to promote a joined up service. This should be extended to key stakeholder groups to gain commitment and the ability to influence individual organisations' approach.</p> | Membership of the Transitions board and terms of reference to be reviewed | <p>The Assistant Director of Adults has reported that a transitions Board is now operational and also two working groups have also been developed under the Board. We have reviewed of reference for the Board and confirmed we are satisfied that the proposed role, objectives and membership address the issues raised in this recommendation. We have also seen the initial minutes for both the Board and the sub groups which demonstrate involvement of key stakeholders.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------------------------|---------------|--|--|---|-----------------------------------|
| Transitions to Adult Services | 30 April 2018 | <p>The Locality Strategy Manager - Learning Disability, together with the Quality Assurance (QA) Team should ensure that Social Work standards described in the 'Manchester – Adult Policies, Procedures and Practice Portal' are complied with in relation to documentation of management supervision and oversight.</p> <p>We consider that the manager's 'footprint' should be evident across Adults Social Care and should be subject to assurance and scrutiny from the QA Team and results provided to the QA Improvement Board.</p> | Social Work standards evidenced through managers footprint | <p>The Locality Strategy Manager, Learning Disability Services confirmed that action has been taken to improve the management footprint (currently recorded on Micare and to be on Liquid Logic) and to document key decisions. Internal Audit Confirmed through checking of Micare records that the management footprint was now more evident on the records reviewed.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|---------------------|--|---|---|--|
| <p>Multi Agency Safeguarding Hub – Referrals and Enquiries: Compliance Audit</p> <p>19 September 2017</p> | <p>30 Sept 2017</p> | <p>The MASH Operations Manager should ensure that the consent fields in the MiCare Contact Centre Information episode and in the Screening Social Worker Decision page of the Contact Screening episode are mandatory.</p> <p>If the consent field is answered 'no', the free-text justification field should then be mandatory.</p> <p>The MASH Operations Manager should ensure that Screening Social Workers review the reasons for no consent before proceeding, to ensure that the justifications provided for over-riding consent are in line with the Consent Policy.</p> | <p>Consent Policy revised and shared with all MASH staff. Monthly audits by MASH team managers are evidencing improvements. Application of consent policy will be tracked via monthly partner audit activity.</p> | <p>Management have developed an audit tool to inform reviews of compliance with the Consent Policy. We have reviewed the activity relating to the initial dip sampling audits completed and are satisfied that the recommendations have been fully implemented.</p> <p>Internal Audit Opinion: Fully Implemented</p> | <p>No further action required</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|-----------------|--|--|---|-----------------------------------|
| Early Help | 31 October 2018 | The Head of Safeguarding and Quality Assurance should, in conjunction with the Strategic Head of Early Help, ensure that moderation for triage and intervention audits include a check of SMART remedial actions. Any issues identified would need to be addressed with staff should this not improve over time. The assurance framework should include expectations to escalate any remedial actions that have not progressed. This could be included as a KPI in the Director of Children's Service (DCS) Performance Clinic report. | Oversight of the Early Help (EH) Audit Tracker will be reviewed quarterly in EH Management meetings to ensure actions are completed and SMART. The EH audit reports are reviewed by the Head of Safeguarding and QA as part of the monitoring of the QA Framework (previously monthly at QAF meetings and in future to meet standards set in new framework once approved) | We are satisfied that this recommendation is fully implemented and have reviewed a number of quarterly reports to confirm this practice is embedded. Internal Audit Opinion: Implemented | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|-----------------|--|--|--|-----------------------------------|
| Early Help | 31 October 2018 | <p>The Strategic Head of Early Help, should develop a summary narrative report, covering all QA activity across early help to ensure key themes and issues are identified where necessary. A decision should be made as to who is ultimately responsible for challenging performance in this key area.</p> <p>This should be the responsibility of the EH Performance Clinic and the EH Operational Board.</p> | To coincide with the launch of the updated QA Framework, the Strategic Lead for Early Help will produce quarterly audit reports. | <p>This recommendation has been fully implemented and we have seen evidence of the quarterly audit reports.</p> <p>Internal Audit Opinion: Implemented.</p> | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|-----------|---|---|---|-----------------------------------|
| Early Help | July 2018 | <p>The Head of Safeguarding and Quality Assurance should, in conjunction with the Strategic Head of Early Help arrange for the audit pro-formas to be updated. This should include:</p> <ul style="list-style-type: none"> • Whether the practitioner was present at the time of audit. • An auditor opinion on outcomes for young people and the quality of practice. • Moderator opinion on agreement with outcomes for young people, quality of practice and additionally the quality of audit. • Clarifying what elements (outcomes, practice or both) should be included in 'What is working well' and 'What are you worried about'. <p>In order to ensure data quality, the Head of</p> | <ol style="list-style-type: none"> 1) Audit proformas have been updated. - Implemented 2) Thematic audit report to be provided quarterly by Strategic Lead for Early Help and Interventions | <p>We were satisfied that the audit proforma has been updated to address the weaknesses identified during the audit.</p> <p>In relation to the second part of the recommendation we were provided with a number of Assurance Performance Clinic Reports. These included an analysis of the results of the audits and we are also satisfied that the audit tracker is also updated with the date the audit was uploaded to micare.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|----------------|---|---|--|-----------------------------------|
| | | Safeguarding and Quality Assurance should, in conjunction with the Strategic Head of Early Help include checks on the presence of completed audits as part of the QA arrangements and address any systemic or compliance issues identified as a result. | | | |
| <p>Troubled Families</p> <p>19 June 2018</p> | 31 August 2018 | The Strategic Head of Early Help should increase frequency of management reporting in order to best support decision making; specifically the impact of the investment made and, given the potential for funding to be impacted, the achievement of successful outcomes. Given there are just over two years remaining until the end of the current programme, target milestones would be | Comments around performance monitoring and progress against targets are helpful. We had a meeting with PRI to discuss this on 6 March 2018 and actions will follow this to address reporting. | <p>An attachments tracker is in place and reporting has also now started to take place formally on outcomes.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|----------------------------|--------------|--|---|--|------------------------------------|
| | | appropriate, we consider that these should be at least half-yearly. | | | |
| Children Missing from Home | 31 July 2018 | <p>The Strategic Head of Early Help should ensure that the MFH Procedures are clarified regarding whether and in what circumstances it is necessary to seek parental consent prior to initiating an IRI.</p> <p>If a parent refuses to allow the worker to carry out an IRI, management agreement with the decision to either override or accept the refusal should be recorded, such as by adding</p> | <p>Revised guidance to be issued for the Missing from Home Team.</p> <p>Senior Complex Safeguarding Social Workers to dip sample cases bi monthly where IRI has been refused.</p> | <p>The Missing from Home and Care Procedures have been revised to clearly articulate the requirement to seek parental consent prior to offering an IRI in all cases, and how to feed back any concerns arising from non-consent.</p> <p>Internal Audit Opinion: Implemented</p> | No further action required. |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------------------------|---------------|---|--|--|-----------------------------------|
| | | rationale and manager sign-off boxes to the IRI form. | | | |
| Penalty Notices | 31 March 2019 | The Strategic Lead for School Attendance & EOTAS should define a process to ensure that siblings attending different schools are issued with penalty notices consistently, including whether responsibility for this lies with the schools or with the LA, and how these checks should be demonstrated. | Partially Agreed: The local authority cannot instruct any headteacher to request a penalty notice. Action to be Taken: Penalty Notice Protocol to be amended to remove requirement to coordinate consistency of schools' approach to siblings. | The Penalty Notice Protocol has been revised to reflect that coordination among schools is good practice only. The revised version has been posted on the Council website. Internal Audit Opinion: Implemented | No further action required |
| Retail Markets 21 May 2018 | 27 July 2018 | Pricing strategies and methodologies should be reviewed and evidence retained as to why a method has been used and why any differences between stalls have been applied. | 1. Charging Strategy document to be created for each business area and issued as part of the SOP manual. 2. Any historical agreements to be recorded on a site by site basis. 3. All historical agreements to be reviewed with Head of | The service started a full review of rents and charges in October 2018 to inform a strategy for the control over consistent charging of market stall holders. The service is awaiting the outcome of this independent review. Internal Audit Opinion: Implemented | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|------------------|---|--|---|-----------------------------------|
| | | | Service, and formal annual review. | | |
| Purchase Cards 19 September 2018 | 30 November 2018 | The Shared Services Operations Manager should review and update the guidance in relation to the use of purchase cards to reflect the current operational needs. Consideration, and examples of appropriate and inappropriate usage, needs to be given to the use of purchase cards for:- Expenses and subsistence (including when abroad), Providing Hospitality (see | The guidance will be reviewed, amended where appropriate, and then issued to card holders. | Revised guidance has now been issued and is available on the intranet. Internal Audit Opinion: Implemented | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|----------|--|---------------------|----------------|-----------------------|
| | | <p>recommendation 3), Transport, Accommodation, Parking fees, Stationery, ICT equipment/ Software. The other recommendations made in this audit should also be reflected in guidance including: Business Case requirements, Revised Reconciliation and approval process, and appropriateness of lodging card details on websites. This revised guidance should be issued to all purchase card holders when issued with the requirement to renew their business case.</p> | | | |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|---------------------|--|--|---|--|
| <p>Social Value Arrangements</p> <p>21 February 2019</p> | <p>30 June 2019</p> | <p>The City Treasurer through the Strategy Group should define the Governance arrangements for the social value fund. This should include but not be limited to the following:</p> <ul style="list-style-type: none"> • Central process for monitoring, identifying funds due, monitoring payments received and escalating non-payment. • Defining the invoicing process including when, how and how often. • Formalising retainers with suppliers for non-delivery of Social Value contributions. • Delegations and decision making arrangements over use of the fund. • Any recommended thresholds over spend. • The record keeping arrangements for the fund. • Monitoring outcomes related to spend. • Reporting structure for the fund such as income and | <p>Head of Corporate Procurement to define the Governance arrangements for the social value fund through the Social Value strategy Group</p> | <p>The governance arrangements for the social value fund were confirmed by the Social Value Governance Board 30 May 2019. We have seen the report presented and minutes of the group which confirmed a number of actions have been agreed to address the risks identified during the audit.</p> <p>Internal Audit Opinion: Implemented</p> | <p>No further action required</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|--------------|---|--|--|-----------------------------------|
| | | expenditure and the outcomes of expenditure. | | | |
| Town Hall Disposals 12 January 2019 | 30 June 2019 | The Design and Heritage Lead will add this issue to the OTH risk register as part of a category that considers staffing and operational implications on completion of the OTH project. This will specifically identify the need for a future curatorial role to manage collections and visitor centre. This could include buying back resources from the Art Gallery or the appointment to a permanent curatorial | Recommend appropriate ongoing care of collections and Visitor Centre after project completion. Involve FM and Estates to agree a way forward | This item has been now been added to the OTH risk register. A meeting has been arranged with the Head of Libraries, Galleries & Culture and the Galleries Operations Manager to have an initial discussion about the future operation and staffing of the Visitor Centre and retail offer in the Town Hall. This is a first step in forming a plan for the ongoing care of the collections, as well as running the Visitor Centre. Internal Audit Opinion: | No further action required |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|----------|--|---------------------|--------------------|-----------------------|
| | | <p>role. This will ensure an ongoing and continued effective management process of the collection.</p> | | <p>Implemented</p> | |

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Appendix 2 – Recommendations Over 9 Months Overdue

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|--------------------|--|---|--|--|
| <p>Homecare Services – Contract Management</p> <p>7 March 2018</p> | <p>31 May 2018</p> | <p>The Strategic Commissioning Manager in liaison with the Head of Social Work and Head of Adults Finance should put in place a clear process for the reporting, investigation and follow up of variations in invoice value / care provision immediately.</p> <p>This should involve:</p> <ul style="list-style-type: none"> •A clear policy on the levels of upwards and downwards variation that should be reported / investigated. •Clear designation of responsibility for investigating variances and the action that to be taken on overpayments. •How variations are prioritised and a target timeline for investigation based on priority. •An evidence trail of actions taken confirming the approval of any payment for variation to planned care. •Reporting so that management can be assured | <p>Commissioning Manager will draft a pro forma for the finance and front line services to follow in the event of underpayments, this will need to be proportionate with the risk associated to it. The work will have an impact on capacity due to the size and number of services involved.</p> <p>Policy and process for over payment is already in place, Strategic Lead, Social Care will undertake checks that teams are following this.</p> <p>Head of Adults Finance will work with Head of Social Care and Commissioning</p> | <p>The Assistant Directors attended Audit Committee March 2019 to provide an update on actions taken in progressing the outstanding recommendation.</p> <p>In advance of the new framework contract, control arrangements were amended to provide greater assurance over variations. Any significant variances between actual and contracted hours are looked into by managers to see if there is an explanation and this is then raised with the provider. Those which are continually above or below contracted hours are allocated for review/reassessment to ensure citizens are receiving the right level of care. In order to support capacity going forward the service is currently recruiting more managers as part of the Adults Improvement Plan.</p> | <p>Director: Bernie Enright Strategic Director Commissioning</p> <p>Executive Member: Councillor Craig</p> <p>Status: 13 months overdue</p> <p>Action: Notification of overdue recommendation letter issued to Executive Member and Director December 2018. Attendance at Audit Committee March 2019.</p> <p>A new target date of October 2019 was agreed when Internal Audit will seek further updates.</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|------------------------------|-----------------|--|--|---|---|
| | | that investigations and recovery are taking place. | Manager to review the decision on suspensions. This will include an analysis of whether it is appropriate to re-introduce the earlier suspensions policy. In addition to this the Payments Team Leader will run a periodic report for the Commissioning Manager based on weekly delivery against planned for both under and over delivery. | Internal Audit Opinion: Partially Implemented | |
| Transition to Adult Services | 31 October 2018 | The Interim Deputy Director of Adults Social Services should ensure that within six months an operational plan is in place for delivering the revised transitions offer in line with the agreed strategy and vision. This plan should include the formalisation of policy and procedure, roles and responsibilities and the use of transition specific | Operational Plan in place for delivering the revised transitions offer in line with the agreed strategy and vision | Action has been taken to amend and strengthen working practices within the transitions team. The Locality Strategy Manager, Learning Disability is continuing to engage with stakeholders from groups eligible for transitions where there has previously not been a pathway into the service such as mental health. The Assistant Director has | <p>Director: Bernadette Enright, Director of Adults Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: Eight months overdue</p> <p>Action: Notification of overdue</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|------------------------------|---------------|---|---|--|---|
| | | documentation referred to in NICE guidance. | | <p>confirmed she is trying to get interim senior manager in post to support the structural change as they are unable to advertise for permanent senior management post until the structure has been agreed. Project Management support has also been requested for what is a large change project. The changes to Transitions has been included in the Adults Improvement Plan and delivery monitored.</p> <p>Internal Audit Opinion: Partially implemented</p> | <p>recommendation letter to be issued to Executive Member and Director in July 2019 requesting an update to Audit Committee as part of the Adults Improvement Plan delivery.</p> |
| Transition to Adult Services | 30 April 2018 | The Interim Deputy Director of Adults Social Services should develop a clear transitions strategy and vision in conjunction with Children's Services and other key partners, in line with Care Act requirements. Once developed the strategy and vision should be used to inform the development of a clear service offer for transitions. This offer should be clearly | Transitions Strategy and Vision to be developed | There has been considerable slippage in the implementation of this recommendation and significant management change has been made since the recommendation was agree. However the new management team are now in place and committed to addressing the issues as a matter of priority. Addressing the ongoing issues in relations to the transitions offer is a key | <p>Director: Bernie Enright, Director of Adult Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: 14 months overdue</p> <p>Action: Notification of overdue recommendation letter</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------------------------|--------------|---|---|---|---|
| | | <p>communicated to confirmed key stakeholders including service users.</p> <p>Advice could be sought from other Local Authorities including the Council's Adults Services improvement partner, and differing approaches considered.</p> | | <p>element of the Adults Social Care Improvement Plan.</p> <p>Work has continued by the Assistant Director, Complex Needs to engage with key partners and stakeholders to develop the offer. The Assistant Director met with the Directors of Children's, Adults and Education Services to share ideas and priorities.</p> <p>Work is also ongoing to try to get an interim appointment in place as unable to advertise for the permanent senior management position until the structure has been agreed. Also the AD is trying to get project management support for the change project.</p> <p>Internal Audit Opinion: Partially Implemented</p> | <p>to be issued to Executive Member and Director in July 2019 requesting an updated to Audit Committee as part of the Adults Improvement Plan delivery.</p> |
| Transitions to Adult Services | 30 June 2018 | To support day to day performance management the Interim Deputy Director of Adults Social Services should introduce a suite of Key | Key performance Indicators (KPIs) introduced. | Work to develop KPIs will be informed by the development of the strategy, vision and operational practices for the Transition Services | <p>Director: Bernie Enright Director of Adult Services</p> <p>Executive Member:</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-----------------------|--|--|--|---|
| | | <p>Performance Indicators. This should be defined once the strategy and vision in place.</p> <p>A long term solution should be considered and built into Liquid Logic to help identify performance trends and provide assurance to senior management.</p> | | <p>Progress on this recommendation will be linked to the strategy development timeframe.</p> <p>Internal Audit Opinion: Outstanding</p> | <p>Councillor Craig</p> <p>Status: 12 months overdue</p> <p>Action: Notification of overdue recommendation letter to be issued to Executive Member and Director in July 2019 requesting an update to Audit Committee as part of the Adults Improvement Plan delivery.</p> |
| <p>Disability Supported Accommodation Services: Quality Assurance Framework</p> <p>14 February 2018</p> | <p>31 August 2018</p> | <p>Management should consider which key areas of the Care Act registered managers and support coordinators should provide assurance over for all citizens in their properties. To support this, there will need to be:</p> <ul style="list-style-type: none"> A register of each citizen, staff member and property which should be monitored | <p>I agree with the activity identified within recommendation 1.</p> <p>Register of all details including residents; staff and properties to be sent to PRI.</p> | <p>The Programme Lead and the Service Manager for Disability Accommodation Services provided Internal Audit with an update on progress made. They confirmed that a register was in place and management were satisfied that this was up to date.</p> <p>Internal Audit have not yet been able to see and validate this register and have asked</p> | <p>Director: Bernadette Enright, Director Adult Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: Ten months overdue</p> <p>Action: Issue Follow Up Audit Report July 2019</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|----------|---|---------------------|--|-----------------------|
| | | <p>centrally to ensure full, timely coverage.</p> <ul style="list-style-type: none"> • Each Centre's own registered manager and support coordinators should complete these checks as soon as possible to support the CQC inspections and provide results to the Interim Service Manager (DSAS) and Programme Lead. • Accountability for registered managers and support coordinators to implement any actions that are identified. Results can then be assessed and addressed at a strategic level if further support or resources are needed. • Clarity as to how registered managers assure themselves that quality control checks are built into day to day service provision. This should help inform the QA Framework, allowing auditors to provide an opinion on these | | <p>for further information as part of a planned follow up audit to enable this to be assessed. A meeting was held with the Head of Service and further request for this information has been made.</p> <p>Internal Audit Opinion: Partially Implemented</p> | |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|----------------|--|---|--|--|
| | | arrangements rather than lower level, task specific compliance. | | | |
| Disability Supported Accommodation Services: Quality Assurance Framework 14 February 2018 | 31 August 2018 | Management should consider integrating oversight of the Supported Living QA process into the role of Adults QA team and revise the content of the Framework. This could include: <ul style="list-style-type: none"> • A workshop including key partners, support coordinators and registered managers used to inform a revised framework. • Supporting an effective QA audit process and clarifying whether inquiry or inspection of evidence is required for each question/section and QA auditors recording where this has been done. • Where assurance is being, or should be, sought from more specialist input such as HR, Health and Safety, Risk and Resilience, Corporate Property, | With regard to recommendation 2 whilst I have welcomed the support and expertise the Adults QA Team have provided to date and would want this to continue going forward I do not think it is appropriate to integrate oversight into the role of the Adults QA Team. The service is a commissioned In House Provider and is regulated and inspected by CQC and is also subject to commissioning reviews by the contracts team. However it will be helpful to be able to access the QA | The workshops were undertaken and management confirmed that a revised audit tool is now in place. Evidence to support implementation. was delayed since the last update however this has recently been received and will be evaluated in July 2019 as part of the planned follow up audit. Internal Audit Opinion: Partially Implemented | Director: Bernadette Enright, Director Adult Services Executive Member: Councillor Craig Status: Ten months overdue Action: Issue Follow Up Audit Report July 2019 |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|----------|---|---|----------------|-----------------------|
| | | <p>Contract Monitoring and Learning and Events teams.</p> <p>Internal Audit propose to support development action by assisting management in the development and delivery of a redesign workshop.</p> | <p>Team's support for the further development work we have planned. Also in terms of oversight and challenge this will be provided through the Adults Quality Assurance and Performance Board.</p> <p>Workshops with staff and stakeholders to review and propose any desired changes to: QA Framework; Audit Tool and Guidance Documentation to be delivered throughout March and April.</p> | | |

Appendix 3 – Recommendations 6-9 Months Overdue

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-----------------|--|---|--|---|
| Children Missing from Home | 31 October 2018 | The Strategic Head of Early Help and the Performance Manager (People) should ensure that key performance indicators, as described in the MFH&C Strategy, are agreed and targets defined. Other routine reporting should be reconsidered to ensure that the focus is on key trends and that it is generated from the most timely and accurate data. The rationale for the reports, including whether they should prompt certain actions (and if so, what and by whom), should be described in the MFH Procedures. | Development of a fit for purpose dashboard for missing and complex safeguarding services. | The planned Complex Safeguarding dashboard now includes CSE and CCE, but inclusion of MFH activity in this dashboard has been delayed. Work is underway to agree across GM on a 'core data set' including missing indicators. We were informed that this will be included in the CS Dashboard once Liquid Logic is in place and data can be pulled directly from Liquid Logic. Internal Audit Opinion: Outstanding | Director: Paul Marshall, Strategic Director of Children's Services Executive Member: Councillor Bridges Status: Eight months overdue Action: Notification of overdue recommendation letter to be issued to Executive Member and Director, July 2019. |
| Multi Links Commissioning Review – Advice and Guidance 22 August | 31 Dec 2018 | The Fostering Services Manager should, in line with strategic plans for the short break provision, begin the recommissioning of the service as soon as possible and should incorporate the | Recommissioning exercise has begun. Extensions have been put in place of existing contract with three of the providers who are compliant with the number of nights required for the | The Strategic Director has recently confirmed that he has provided feedback to key officers on the draft contracts and they will be ready for issuing to providers in early July. We have seen the draft | Director: Paul Marshall Strategic Director of Children's Services Executive Member: Councillor Bridges |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|----------------|-------------|---|---|---|--|
| 2018 | | <p>key elements described below: All current multi-link contracts should be terminated ahead of new contracts being issued. A full review of the current terms and conditions document should be undertaken to ensure that all issues, potential risks and shortfalls identified during the life of the current contract are addressed and any obvious errors or omissions are rectified. New contracts should be consistent across all providers and copies of key contractual documents should be signed and copies retained by the service. The difference between short break and multi-link care provision should be clearly defined and communicated to relevant officers.</p> | <p>service. This extension is for a period of three months whilst new contracts are drafted. Two providers have had their contract ended without any extension.</p> <p>A full review of the scheme is in process with key officer oversight. The steering group are meeting regularly to ensure there is no drift on meeting this recommendation.</p> | <p>contracts and are satisfied they address risks identified during our review. Once contracts are issued to providers we can confirm that this recommendation is implemented.</p> <p>Internal Audit Opinion: Partially Implemented</p> | <p>Status: Six months overdue</p> <p>Action: Notification of overdue recommendation letter to be issued to Executive Member and Director, July 2019.</p> |
| Purchase Cards | 31 Dec 2018 | The City Treasurer should develop guidelines setting out the general principles for | The City Solicitor, supported by the City Treasurer, will develop | The City Solicitor has not yet completed a draft of this policy for review. It is planned to | Director: Fiona Ledden, City Solicitor and Carol |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------------|----------|---|---|--|---|
| 19 September 2018 | | providing hospitality to others, including where a Council officer or member also benefits from the expenditure. This should be supported by examples as appropriate. Internal Audit will support implementation of this recommendation by providing an outline of potential areas for inclusion, and will provide further details of test findings on request. | guidance on the provision of hospitality. They will also identify a suitable place within the existing guidance framework for this to be published. | include this guidance as part of the employee and member codes of conduct. The City Solicitor has suggested that the implementation of this recommendation will take up to 12 months to implement as part of a wider programme of review and it is proposed that a new implementation target date be set which will enable required work to be carried out. Internal Audit Opinion: Outstanding | Culley, Deputy Chief Executive & City Treasurer Executive Member: Councillor Leese Status: Six months overdue Action: Notification of overdue recommendations letter issued to Executive Member and Director proposing that the City Solicitor attends Audit Committee to confirm progress and plans to address the risk. Audit Committee to consider a request for a new target implementation date of July 2020 |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|--------------------|--|---|--|---|
| <p>ICT Software Licensing</p> <p>24 July 2018</p> | <p>31 Dec 2018</p> | <p>In accordance with industry good practice (ISO 19770-1), the Council should implement a Software Asset Management (SAM) policy and ensure that it provides an overarching approach to the acquisition, implementation and disposal of software as well as key compliance requirements.</p> <p>The policy should reference key software licensing processes, such as software acquisition, monitoring, disposal and ongoing compliance. Where processes do not follow a centralised approach they should be formally documented for each application.</p> <p>Furthermore it should state the process for reviewing, approving, issuing, and controlling relevant process and procedural documentation.</p> | <p>Research current best practice and submit SAM policy as per IA recommendation, including:</p> <ul style="list-style-type: none"> - approach to the acquisition, implementation and disposal of software; - key compliance requirements; - guidelines/instructions for locally managed software; and - process for reviewing, approving, issuing and controlling process and procedural documentation. <p>for approval by ICT Direct Leadership Team.</p> | <p>We have reviewed an early draft of this policy which is currently being worked on and will provide comments to support its development. We will assess progress towards full implementation as part of a dedicated follow up review, which is to be arranged.</p> <p>Internal Audit Opinion: Partially Implemented</p> | <p>Director: Carol Culley, Deputy Chief Executive & City Treasurer</p> <p>Executive Member: Councillor Ollerhead</p> <p>Status: Six months overdue</p> <p>Action: Dedicated follow up review of recommendations to be carried out to assess progress.</p> |

Appendix 4 – Recommendations 1-6 Months Overdue

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|----------------------------|---------------|--|--|---|--|
| Children Missing from Home | 31 March 2019 | <p>The Strategic Head of Early Help should ensure that the functionality of Liquid Logic’s MFH workflow enables more effective handling of episodes, preferably with a single point of entry which flows through to SW notification, allocation of the IRI, and recording of the IRI outcome.</p> <p>PRI should confirm reporting requirements can be met from the new workflow in Liquid Logic.</p> | <p>Mapping of missing from home workflow to inform new processes in Liquid Logic and user acceptance testing to be undertaken by MFH workers. In the interim review of current data and spreadsheets to be undertaken to identify some quick wins.</p> | <p>Early discussions with the Liquid Logic development team indicate that the new system will handle MFH cases much more efficiently. Implementation delayed due to Liquid Logic roll-out delays.</p> <p>Internal Audit opinion: Outstanding</p> | <p>Director: Paul Marshall, Strategic Director of Children’s Services</p> <p>Executive Member: Councillor Bridges</p> <p>Status: Three months overdue</p> <p>Action: Monitor</p> |
| Children Missing from Home | 31 March 2019 | <p>The Strategic Head of Early Help should re-emphasise with staff the importance of ensuring the completeness and accuracy of Case History data. To monitor this in the short-term, timeliness and accuracy of MiCare updates should be added to the Return Interview Audit form.</p> <p>Moving forward, the necessity of capturing complete and</p> | <p>To be included in the new workflow requirements for Liquid Logic. Dip sampling of missing episodes by the MFH workers and senior social workers to be undertaken to evidence improvements.</p> | <p>Strategic Lead Complex Safeguarding has been dip sampling missing episodes, but that the accuracy of the Case History episode remains an ongoing issue, and therefore that this would not be resolved until Liquid Logic was in place, the roll-out of which has been delayed.</p> <p>Internal Audit opinion: Outstanding</p> | <p>Director: Paul Marshall, Strategic Director of Children’s Services</p> <p>Executive Member: Councillor Bridges</p> <p>Status: Three months overdue</p> <p>Action: Monitor</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-----------------|-----------------|--|--|--|---|
| | | accurate data for reporting purposes should be considered in the new MFH workflow within Liquid Logic, such that the data is drawn from essential steps rather than from a retrospective step that is not consistently completed. | | | |
| Penalty Notices | 31 January 2019 | <p>The Strategic Lead for School Attendance & EOTAS should ensure that refunds are issued to the 14 identified parents / carers who paid a penalty notice for a child that was not of compulsory school age, and should consider expanding the time period of this review to identify any further such instances.</p> <p>The Strategic Lead should also ensure that a process is in place to undertake an initial check to ensure the child was of compulsory school age before processing the penalty notice request. Where it is identified that this is not the case this should be flagged</p> | <p>Agreed: Yes Action to be Taken: Refunds will be made to the identified parents. The attendance team have now implemented a 3 level checking system to determine if a pupil is of statutory school age: 1st Level – check DOB before issue on the ONE; 2nd Level – when payments are received the age is checked again; 3rd Level – all unpaid penalty notices are checked again. A circular to be sent to all schools informing them that they should not be requesting penalty notices</p> | <p>Internal Audit confirmed that a circular letter was issued to all schools on 4 March 2019 reminding them not to request statutory action for children of non-statutory school age and that schools must make adequate checks of the pupil's age before a request is submitted. Refunds have been made to families billed in error. To test effectiveness of the attendance team's checking system, we reviewed a data extract of all penalty notices issued since 1 November 2019. We found some errors continue to be made identifying 17 penalty notices were issued and paid for nine children of non-statutory school age. Most</p> | <p>Director: Paul Marshall, Strategic Director of Children's Services</p> <p>Executive Member: Councillor Bridges</p> <p>Status: Five months overdue</p> <p>Action: Monitor</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|-------------------------|--|---|--|--|
| | | <p>with the respective schools.</p> <p>On a termly basis, a review of penalty notice data should be carried out, comparing the child's date of birth to the dates of unauthorised absence, to identify any penalty notices that have been issued in error and require refunding.</p> | <p>for non-statutory school age pupils and that adequate checks should be in place.</p> | <p>of these were issued in November or December 2018, but two were issued in February and two in March 2019.</p> <p>Internal Audit confirmed to management that refunds should be made. We will request another extract in two months' time (1 August 2019) to confirm no further inappropriate penalty notices have been issued as the new checks bed in.</p> <p>Internal Audit opinion: partially implemented</p> | |
| <p>Factory Project: Financial Reporting</p> <p>30 January 2019</p> | <p>28 February 2019</p> | <p>The Project Director in liaison with the Finance Lead should inform the Boards of the previously omitted figures. This should provide an explanation of the issues and give assurances that the correct figures are included in monthly Board reports and how this will be assured going forward.</p> | <p>The SRO has requested a reconciliation of the latest figures to those found in SAP in order to ensure all issues have been resolved going forward, this will be reported to the next Board meeting for completeness.</p> | <p>Internal Audit was informed that a separate finance report is now being produced which allows more detailed breakdown of the cost of the programme as the project moves into the construction phase. As this is separate to the main document it ensures that an updated report is prepared and received for each meeting. This also</p> | <p>Director: Carol Culley, Deputy Chief Executive and City Treasurer</p> <p>Executive Member: Councillor Ollerhead</p> <p>Status: Four months overdue</p> <p>Action: Monitor</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|--------------|--|--|--|--|
| | | Once agreed by Board members this process should be utilized immediately for all future finance reports. | | means that the figures within the document cannot be changed by other officers which should prevent the issues picked up at audit from recurring. We have yet to see the reconciliation requested by the SRO, once this has been reviewed we will be able to confirm implementation. Internal Audit Opinion: Partially implemented. | |
| Off Rolling Arrangements 6 June 2019 | 28 June 2019 | The Head of Access should introduce periodic validation checks over the numbers of pupils off rolled. Such checks could be facilitated by periodically requesting schools to submit electronic data from SIMs to show the pupils who have been off rolled (migration/leavers report). This could then be checked to the CME team spreadsheets and any anomalies investigated. The timing and extent of the checks including whether the | The admissions team will produce a list containing details of off rolled pupils. The list will be passed to MCC's attendance team who can then cross reference with the schools register whilst they are carrying out their usual audit of the register. The CME team are to alert the Head of Access when there has been no or limited off rolling forms from any particular school. | This recommendation has only recently fallen due, we have requested an update from the service to evaluate progress. Internal audit opinion: Outstanding | Directors: Amanda Corcoran, Director of Education and Skills Paul Marshall, Strategic Director of Children's Services Executive Member: Councillor Bridges Status: One month overdue Action: Monitor |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|---|-------------|---|---|--|---|
| | | data is checked in its entirety or whether on a sample basis should then be determined. | | | |
| Adults Services, management oversight and supervision | 31 May 2019 | The Assistant Director of Adult Services should complete a thorough review of the Supervision Guidance document, to ensure that it clearly articulates the actual expected procedures and how these requirements should be documented, particularly in those areas identified in the matters arising. | <p>Review the Supervision Policy and how to embed it within the workforce.</p> <p>Additional Resources Required for implementation: Yes – Support from the Reform and Innovation Team secured.</p> | <p>We have been told that a revised Supervision Policy has now been shared with senior managers for approval. On receipt of this Internal Audit will review to verify implementation.</p> <p>Internal audit opinion: Outstanding</p> | <p>Director: Bernadette Enright, Director of Adults Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: Two months overdue</p> <p>Action: Monitor</p> |
| Adult Services Management Oversight and Supervision | 31 May 2019 | The Assistant Director of Adult Services should establish a central means of monitoring the actual frequency of supervisions. Accuracy of this central record should be confirmed as part of the QA process (see recommendation 4.1). The results in terms of frequency and quality should be audited, analysed, and reported annually. | <p>Audit process to be agreed within the Supervision Task & Finish Group. Process will be embedded into the final Supervision Policy.</p> <p>Additional Resources Required for implementation: Yes – Support from the Reform and Innovation Team secured.</p> | <p>The Safeguarding and Quality Assurance Manager shared an early draft of a proposed supervision audit tool; we provided feedback on the content and practicality of the proposal. We have requested an update as to whether a process has been agreed.</p> <p>Internal audit opinion: Outstanding</p> | <p>Director: Bernadette Enright, Director of Adults Services</p> <p>Executive Member: Councillor Craig</p> <p>Status: Two months overdue</p> <p>Action: Monitor</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|---------------|--|--|---|---|
| ICT Software Licensing 24 July 2018 | 30 April 2019 | The Council should review the need for a business case for dedicated full-time resource and software licensing tools in order to drive a centralised and consistent approach to software licensing management. | ICT will: <ul style="list-style-type: none"> • Carry out a review of roles and Responsibilities within Service Operations to assess the current limitations in terms of SAM Skillsets and resource: and • Explore other market solutions in conjunction with subject matter experts including Gartner, and present a business case to DLT. | A draft business case document has been prepared and is currently being reviewed. We will assess progress towards full implementation as part of a dedicated follow up review, which is to be arranged. Internal audit opinion: Partially implemented | Director: Carol Culley, Deputy Chief Executive and City Treasurer Executive Member: Councillor Ollerhead Status: Four months overdue Action: Dedicated follow up review of recommendations to be arranged |
| ICT Software Licensing 24 July 2018 | 30 April 2019 | Software licensing management roles, responsibilities and capability gaps need to be defined, implemented and communicated to ICT and the Directorates. Additionally, both the end users of licenced applications and IT staff who install and maintain the applications should have a clear | Following the work done in Recommendation 1, ICT will be in a position to define roles and responsibilities for SAM. Beyond this, ICT will devise as part of Recommendation 2, policies and procedures to support Council-wide compliance to a consistent approach to SAM, clearly | We will assess progress towards full implementation as part of a dedicated follow up review, which is to be arranged. Internal audit opinion: Outstanding | Director: Carol Culley, Deputy Chief Executive and City Treasurer Executive Member: Councillor Ollerhead Status: Four months overdue Action: Dedicated |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|--|----------------------|---|---|--|---|
| | | <p>understanding of the appropriate processes and procedures that limit risk to and ensure compliance. This recommendation should be considered in the wider context of the potential requirement to define roles relating to application ownership across the Council, with a specific focus the specific responsibilities that the role entails.</p> | <p>differentiating between centrally managed licensing and those managed locally within business units.</p> | | <p>follow up review of recommendations to be arranged</p> |
| <p>ICT Software Licensing 24 July 2018</p> | <p>30 April 2019</p> | <p>The current systems used by ICT to support software asset management should be reassessed to ensure that they are fit for purpose and possess the capability to process, create and maintain all stores and records for software and related assets.</p> <p>Furthermore, the Council should look to move away from the manually intensive process currently in operation and explore the automation of tasks required to maintain compliance with software</p> | <p>ICT will investigate the work other Council colleagues may be undertaking in relation to the acquisition of tools to manage SAM. ICT will seek to collaborate with such colleagues to ensure best ICT practice implemented and ICT requirements are included in any specifications. If no collaboration opportunities exist, ICT will explore other market solutions and present options to DLT to approve</p> | <p>We will assess progress towards full implementation as part of a dedicated follow up review, which is to be arranged.</p> <p>Internal audit opinion: Outstanding</p> | <p>Director: Carol Culley, Deputy Chief Executive and City Treasurer</p> <p>Executive Member: Councillor Ollerhead</p> <p>Status: Four months overdue</p> <p>Action: Dedicated follow up review of recommendations to be arranged</p> |

| Audit Title | Due Date | Recommendation | Management Response | Update/Opinion | Ownership and Actions |
|-------------|----------|---|--|----------------|-----------------------|
| | | <p>licenses and control software spending.</p> <p>The tools available to the Council should provide the functionality to detect and manage all exceptions to SAM policies, processes, and procedures; including license use rights and necessary infrastructure and processes for the effective management, control and protection of the software assets, at all stages of the Software license lifecycle.</p> <p>Once reporting is established, regular validation audits should be completed by the SAM team to ensure that the reported position is accurate.</p> | a way forward as per recommendation 1. | | |

Manchester City Council Audit Committee Work Programme 2019/20 (Draft for Audit Committee Comment)

| Month | Key Items | Owner |
|---------------------------------|---|---|
| 11 June | Draft Statement of Accounts Finance Outturn Reports and Treasury Management (Final) Internal Audit Annual Report | Finance Finance Audit and Risk |
| 30 July | External Audit Report Final Statement of Accounts Internal Audit Quarterly Reports (Q1) | EA Finance Audit and Risk |
| 17 September | Register of Significant Partnerships Update Annual Counter Fraud Report (Part B) | PRI Audit and Risk |
| 15 October | Propose Annual Training Event | |
| 12 November | AGS Update Register of Significant Partnerships Update Treasury Management (Interim) Internal Audit Quarterly Reports (Q2) | PRI PRI Finance Audit and Risk |
| 10 December | Annual Audit Letter Grants Certification Report Review of Code of Corporate Governance | EA EA PRI |
| 14 January | Propose no meeting | |
| 11 February | Risk Management Strategy and Risk Register Internal Audit Quarterly Reports (Q3) | Audit and Risk Audit and Risk |
| 10 March | Register of Significant Partnerships Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty Annual Internal Audit Plan | PRI Finance Audit and Risk |
| April (not currently scheduled) | Draft Annual Governance Statement (AGS) Head of Audit and Risk Management Annual Opinion Review of Internal Audit and Quality Assurance Improvement Programme (QAIP) | PRI Audit and Risk Audit and Risk |
| | | |

Meeting Date 30 July 2019 – 10am (Report deadline 19 July) 105 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time |
|-----------------------------------|--|--|---|--------|------|
| Audit Findings Report | Karen Murray | External Audit (Mazars) | Report from the External Auditor confirming progress and any issues arising from the audit of the accounts. <i>To receive assurance</i> | 4.7 | 20 |
| Annual Statement of Accounts | Carol Culley Janice Gotts Karen Gilfoy | Deputy Chief Executive and City Treasurer Deputy City Treasurer Chief Accountant | To seek Audit Committee approval for the Annual Accounts following external auditor review. Item to include confirmation of completion of: Letters / enquires for the Deputy Chief Executive and City Treasurer <ul style="list-style-type: none"> • and Audit Committee Chair • Letter of Representation <i>To approve</i> | 1 | 30 |
| Internal Audit Assurance Report | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager | Summary of internal audit activity and report opinions to the end of quarter one. <i>To consider and comment</i> | 4.4 | 20 |
| Outstanding Audit Recommendations | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy 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 one. <i>To consider and comment</i> | 4.4 | 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 |

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|---|--------------|------------------------|--|--|---|
| Work Programme and Audit Committee Recommendations Monitor | Andrew Woods | Governance Team Leader | | | 5 |
|---|--------------|------------------------|--|--|---|

Meeting Date 17 September 2019, 10am (Report deadline 6 September) 85 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time |
|---|--|---|---|------------------------|------|
| External Audit Progress Report and Update | Karen Murray | External Audit (Mazars) | Update on the work of the External Auditor | 2 4.7 | 10 |
| Register of Significant Partnerships Update | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | Half Year Update on actions taken to strengthen and develop arrangements with significant partnerships <i>To consider and comment</i> | 1 3 4.10 4.12 | 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. <i>To consider and comment</i> | 4.1 | 20 |
| Work Programme and Audit Committee Recommendations Monitor | Andrew Woods | Governance Team Leader | | | 5 |
| Part B Exclusion of Press and Public | | | | | |
| Annual Counter Fraud Report | Tom Powell Kathryn Fyfe Helen Smith | Head of Audit and Risk Audit Manager Lead Auditor | Annual report of counter fraud activity <i>To consider and comment</i> | 4.1 | 30 |

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Meeting Date 12 November 2019, 10am (Report deadline 1 November) 115 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time |
|---|--|--|---|------------------------|------|
| Internal Audit Assurance Report | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager | Summary of internal audit activity and report opinions to the end of quarter two. <i>To consider and comment</i> | 4.4 | 20 |
| Outstanding Audit Recommendations | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy 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 two. <i>To consider and comment</i> | 4.4 | 10 |
| Register of Significant Partnerships Update | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | Update of actions being taken to provide assurance over the Council's role in significant partnerships. <i>To consider and comment</i> | 4.10 4.12 | 20 |
| Annual Governance Statement Update | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | Summary of the progress in implementing recommendations from the Annual Governance Statement. <i>To consider and comment</i> | 1 3 4.10 4.12 | 20 |
| Treasury Management (Interim) Report | Janice Gotts Karen Gilfoy Tim Seagrave | Deputy City Treasurer Chief Accountant Finance Lead | Update on the Treasury Management activities of the Council. <i>To consider and comment</i> | 4.11 | 10 |
| External Audit Progress Report and Update | Karen Murray | External Audit (Mazars) | Update on the work of the External Auditor | 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 |

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| Work Programme and Audit Committee Recommendations Monitor | Andrew Woods | Governance Team Leader | | | 5 |
|--|--------------|------------------------|--|--|---|

| Meeting Date 10 December 2019, 10am (Report deadline 29 November) 85 minutes | | | | | |
|--|--|--|---|------------------------|------|
| Item | Lead Officer | Position | Comments | AC ToR | Time |
| Annual Audit Letter | Karen Murray | External Audit (Mazars) | Report from the External Auditor on the overall findings and recommendations resulting from the 2018/19 annual audit plan. <i>To consider and comment</i> | 2 4.7 | 10 |
| Grants Certification Report | | KPMG | Report from KPMG in respect of the audit of grant returns 2018/19, any issues arising and associated fees. <i>To consider and comment</i> | 4.7 | 10 |
| Review of Code of Corporate Governance | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | To consider and comment on the updated Code of Corporate Governance <i>To consider and comment</i> | 1 3 4.10 4.12 | 20 |
| Annual Audit Plan – Horizon Scanning Report | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy Head of Audit and Risk Audit Manager | Report on areas of potential risk and focus for 2020/21 and future years' internal audit planning. As requested by Audit Committee in February 2019 meeting <i>To consider and comment</i> | 4.2 4.3 | 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. <i>To consider and comment</i> | 4.1 | 20 |

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|---|--------------|------------------------|--|--|---|
| Work Programme and Audit Committee Recommendations Monitor | Andrew Woods | Governance Team Leader | | | 5 |
|---|--------------|------------------------|--|--|---|

Meeting Date 11 February 2020, 10am (Report deadline 31 January) 75 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time |
|--|--|--|---|--------|------|
| Internal Audit Assurance Report | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy 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 Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy 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 | 10 |
| Risk Management Strategy and Risk Register | Tom Powell Richard Thomas John Gill | Head of Audit and Risk Deputy Head of Audit and Risk Risk and Resilience Manager | Update on the Council's risk management strategy and governance arrangements. To include the corporate risk profile as articulated in the latest refresh of the corporate risk register. <i>To consider and comment</i> | 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. <i>To consider and comment</i> | 4.1 | 20 |
| Work Programme and Audit Committee Recommendations Monitor | Andrew Woods | Governance Team Leader | | | 5 |

Meeting Date 10 March 2020, 10am (Report deadline 28 February) 85 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time |
|--|--|--|---|--------------|------|
| Annual Audit Plan | Karen Murray | External Audit (Mazars) | Report from the External Auditor on the External Audit Plan for the audit of the accounts and value for money conclusion for year e3nding 31 March 2020 <i>To consider and comment</i> | 2 4.7 | 10 |
| Register of Significant Partnerships | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | Annual review of 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 |
| Annual Internal Audit Plan | Tom Powell Richard Thomas Kathryn Fyfe | Head of Audit and Risk Deputy 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 |
| 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 |

Meeting Date for April TBC (proposed 7 April 2020), 10am (Report deadline 27 March) 105 minutes

| Item | Lead Officer | Position | Comments | AC ToR | Time on agenda |
|---|--|---|---|------------------------|----------------|
| Draft Annual Governance Statement (AGS) | Courtney Brightwell Kate Waterhouse | Performance Manager Head of Performance, Research & Intelligence | To advise the processes followed to produce the AGS and obtain Audit Committee input to the draft statement. <i>To consider and comment</i> | 1 3 4.10 4.12 | 30 |
| 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 |
| Review of Internal Audit and Quality Assurance Improvement Programme (QAIP) | Carol Culley | Deputy Chief Executive and 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 the Internal Audit Charter. <i>To consider and comment</i> | 3 | 15 |
| Annual Review of Audit Committee Terms of Reference | Andrew Woods | Governance Team Leader | To review the Committee terms of reference and operation of the Committee. To propose changes (where required) for consideration at Council. <i>To consider and comment</i> | | 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 |

Audit Committee Terms of Reference: As Constitution (pending update)

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.

Audit Committee - Recommendations Monitor

| Date | Item | Recommendation | Response | Contact Officer |
|---------------|---|--|---|--------------------------------|
| 22 March 2018 | AC/18/15 Review of Effectiveness of Internal Audit | 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. | This will be reflected in the 2018/19 review to be presented to March or June 2019 Audit Committee. | Carol Culley City Treasurer |
| 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 |
| 5 Nov 2018 | AC/18/54 2018/19 Annual Governance Statement (AGS) – Summary of Progress to Date | <p>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.</p> <p>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.</p> | | |

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| 10 December 2018 | AC/18/63 Draft Code of Corporate Governance | <p>To request officers to circulate to Audit Committee members, information and examples of benchmarking work used to assess functions, expenditure and performance.</p> <p>To request officers to strengthen the wording used to set out responsibilities on Managing Data and that this be included in the programme of implementation for the Annual Governance Statement.</p> <p>To request the Member Development Working Group to include within its Annual Work Programme for members training 'understanding of the Council Constitution - the protocol governing officer member relations'.</p> | The MDWG has received the request and included the topic in its work programme. | |
| 11 February 2019 | AC/19/04 Internal Audit: Manchester Support for Independent Living (MSIL) Risk Assessment and Audit Plan | To request the Head of Internal Audit and Risk Management to include a draft Annual Audit Plan Visioning report item in the Annual Work Programme 2019/20 for submission to the December 2019 meeting of the Committee. | | |
| 11 February 2019 | AC/19/07 Health and Social Care Assurance Framework | To request that the minutes of the Manchester Local Care Organisation Audit Committee be submitted to the Audit Committee for information. | | |
| 15 April 2019 | AC/19/19 Review of Effectiveness of Internal Audit | To request that a report is submitted to the Audit Committee in six months to provide details on the | | |

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| | | circulation of audit reports and summary reports to Executive Members. | | |
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