



## **Audit Committee**

Date: Tuesday, 12 November 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 needed to reach this room.**

### **Access to the Council Antechamber**

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

### **Filming and broadcast of the meeting**

Meetings of the Audit Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

## **Membership of the Audit Committee**

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

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

## Agenda

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**1. Urgent Business**

To consider any items which the Chair has agreed to have submitted as urgent.

**2. Appeals**

To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

**3. Interests**

To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

**4. Minutes**

To approve as a correct record the minutes of the meeting held on 15 October 2019.

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**5. Treasury Management (Interim) Report**

The report of the Deputy Chief Executive & City Treasurer will follow.

**6. Internal Audit Assurance Report**

The report of the Deputy Chief Executive & City Treasurer and the Head of Internal Audit and Risk Management is enclosed.

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**7. Outstanding Audit Recommendations**

The report of the Deputy Chief Executive & City Treasurer and the Head of Audit and Risk Management is enclosed.

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**8. Annual Governance Statement Update**

The report of the Deputy Chief Executive & City Treasurer is enclosed.

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**9. Governance Improvement Progress for Partnerships with Low or Medium Strength of Governance Assessment Ratings**

The report of the Deputy Chief Executive & City Treasurer is enclosed.

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**10. External Audit Progress Report and Update**

The report of the External Auditors is to follow.

- 11. The Committee's Work Programme** 151 - 158  
The report of the Governance Team Leader is enclosed.
- 12. Exclusion of the Public**  
The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item. At the time this agenda is published no representations have been that this part of the meeting should be open to the public.
- 13. Oral report on Cyber Security Audit Findings**  
The Head of Audit and Risk Management will provide an oral report on the key findings of this investigation.

## Information about the Committee

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

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

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

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Smoking is not allowed in Council buildings.

Joanne Roney OBE  
Chief Executive  
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## Further Information

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

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This agenda was issued on **Monday, 4 November 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 Tuesday, 15 October 2019**

#### **Present:**

Councillor Ahmed Ali (Chair) – in the Chair  
Councillors Clay, Lanchbury, Russell, Stanton and Watson  
Dr D Barker (Co-opted Member)  
Dr S Downs (Co-opted Member)

#### **Also present:**

Councillor Craig, Executive Member for Adult Health and Wellbeing  
Councillor Ollerhead, Executive Member for Finance and Human Resources  
Councillor Stogia, Executive Member for Environment, Planning and Transport

#### **AC/19/40. Minutes**

#### **Decision**

To approve the minutes of the meeting held on 30 July 2019 as a correct record.

#### **AC/19/41. External Audit Progress Report and Update**

The Committee considered a report of Mazars, which provided an update on progress in delivering their responsibilities as the Council's external auditor. The report also highlighted key emerging national issues and developments which may be of interest to Members of the Committee.

It was reported that since the last meeting they had completed work on the Council's Whole of Government Accounts (WGA) return as required by the National Audit Office and had issued their unqualified conclusion on the Council's WGA submission on 20 September 2019. This had enabled Mazars to issue their Audit Completion Certificate for 2018/19 on that date.

The Chair invited questions from the Committee.

A Member queried the net expenditure figure for the WGA. It was explained that the net expenditure figure was the difference between public sector income and expenditure with financing costs taken into account.

A Member welcomed the fact that the submission of the Council's accounts had been made on time and sought assurance that this would be repeated for 2019/20. It was reported that Mazars had already begun to have discussion with the Council in relation to this to identify areas of work that could commence earlier in order to ensure next year's account were also submitted on time.

#### **Decisions**

- (1) The Committee notes the report; and

- (2) Thanks all Officers who had been involved in the submission of the Council's accounts.

#### **AC/19/42. External Auditor Annual Audit Letter**

The Committee considered the Annual Audit Letter of Mazars, the Council's external Auditors, which summarised the work they had undertaken as the auditor for Manchester City Council for the year ended 31 March 2019.

The purpose of the audit was to provide reasonable assurance to users that the financial statements were free from material error. This was conducted in accordance with the requirements of the Code of Audit Practice issued by the National Audit Office. The report, issued to the Council on 31 July 2019, stated that, in the view of Mazars, the financial statements gave a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

#### **Decision**

The Committee notes the Annual Audit Letter.

#### **AC/19/43. Risk Review Item - Adults Improvement Plan and Assurance Update**

The Committee considered a report of the Executive Director Adult Social Services, which sought to provide an assurance update on progress made in responding to issues arising from Internal Audit reports of Adults Social Care and the planned actions to address areas of risk.

Many of the planned actions agreed in response to audit work were being delivered through the Adults Social Care Improvement Programme. This Programme incorporated findings and areas for improvement identified through audit work as well as a range of other sources including management reviews, partner engagement and staff feedback. This included the following areas:-

- Transition to Adult Services;
- Homecare Contracts;
- Disability Supported Accommodation Services Quality Assurance (QA);
- Management Oversight and Supervisions;
- Deprivation of Liberty Safeguarding (DoLS); and
- Mental Health Casework Compliance.

The Programme was focused on ensuring the basics were in place for adult social care to deliver high quality services for Manchester residents and to successfully deliver health and social care reform and integration. The programme plan for this work had been developed based on the outcomes of diagnostic work and the internal audits completed. The programme included workstreams on:-

- Assessment function;
- Safeguarding and Quality Assurance functions;
- Provider services;

- Workforce skill and capacity;
- Adult social care commissioning; and
- Front Door offer.

The Programme was governed by the Adult Social Care Improvement Board, chaired by the Executive Director of Adult Social Services and comprised of senior officers from the service and MLCO with support from the corporate core. The Board reported to the MLCO Executive through the Executive Director of Adult Social Services, and provided assurance to the Council's Strategic Management Team and the MHCC Executive on a quarterly basis.

The report went on to detail the progress to date of a number of key priorities.

The Chair invited questions from the Committee.

A Member commented that it was not clear what recommendations identified by Internal Audit were still outstanding and when and how these would be resolved. In response, the Executive Director Adult Social Services assured the Committee that the Improvement Programme would address all outstanding recommendations and that this would be monitored by both the Council's Senior Management Team and the MLCO Executive. The Deputy Chief Executive and City Treasurer also commented that an update report on the outstanding recommendations was due to come before the Committee in November.

The Committee queried whether the new Liquid Logic software provided a method for monitoring supervisions and also whether the consultation with staff on the proposal of weekend working to increase the impact of the reablement service was genuine.

It was reported that the Executive Director Adult Social Services had reviewed the Supervisions Policy and how it fitted with other Council policies and following the appointment of 12 Neighbourhood Team managers, these supervisions were now being undertaken. It was also reported that the consultation with staff on improvements to the reablement service were genuine and work was ongoing with staff and Trade Unions to identify suitable solutions.

A Member commented on the overuse of acronyms within the report; questioned whether the additional number of posts that were being created could be financed from the £4.225million that was being invested into the service to support delivery of the improvement programme; sought clarification as to how the Quality Assurance approach was being embedded, and with reference to Mental Health Casework Compliance, queried how the Council was able to have internal audit of systems that it did not own or manage.

The Executive Director Adult Social Services noted the point made around the overuse of acronyms, acknowledging that the report was complex and that this would be looked at in future reports. It was explained that the total number of posts being created would be funded from a number of funding streams in addition to the £4.225million that the Council had invested. In terms of quality assurance, it was explained that there had been a reduction in the number of staff each manager had responsibility for to ensure that this was being embedded within teams and in terms

of Mental Health Casework Compliance, it was explained that whilst the Council did not directly employ Mental Health Supervisors, it did have a statutory duty to deliver a Mental Health service and worked closely with Greater Manchester Mental Health Foundation Trust (GMMHFT) who delivered this on behalf of the Council. From a Council perspective, any recommendations for improvement to this service that Internal Audit identified would be directed to the Executive Director Adult Social Services who would then engage with GMMHFT.

The Executive Member for Adult Health and Wellbeing commented that she strongly believed the role of Audit was to reassure the Council that all aspects of work and service delivery were being delivered effectively and efficiently and acknowledged that the governance of the integration of health services with the Council was complex.

In relation to a query on recruitment to the Disability Supported Accommodation Service, it was explained that new support co-ordinators had been recruited.

The Executive Director Adult Social Services advised that BiA's stood for Best Interest Assessors in terms of Safeguarding and DoLS and that in relation to recruitment to safeguarding positions 13 BiA's had been recruited.

It was commented that a progress table of the outstanding recommendations should be included in the report that was due to come before the Committee in November as well as some form of assurance mapping.

The view of the Council's External Auditors was sought and it was noted that the External Auditors role was to consider the governance arrangements of the Council and they had an assurance of the overall arrangements.

## **Decision**

The Committee note the actions being taken through the Adults Social Care Improvement Programme.

### **AC/19/44. Risk Review Item - Manchester Salford Inner Relief Route Lessons Learned**

The Committee considered a report of the Director of Highways and Head of Audit and Risk Management, which summarised the key events surrounding the financial failure and subsequent administration of the principal contractor (Dawnus) on the Manchester Salford Inner Relief Route (MSIRR) highways programme and associated lessons learned.

The report highlighted the timeline of events from when the framework agreement for major highways works was let in October 2017, the award of MSIRR contract to the principal contractor in June 2018 and works commencing in August 2018 to the 12 March 2019, when Highways Service were contacted by TfGM to advise that subcontractor vehicles were blocking traffic work on the scheme and the principal contractor had failed to attend a planned site meeting.



The report provided detail of the subsequent steps taken by the Council, which included the formation of an Incident Management Team (IMT) to gain an understanding of the position of the principal contractor, key risks and issues, current planned actions and further planned actions. Subsequently, a range of options to secure a new contractor were developed and appraised through the IMT, with agreement on three phases to restart the works. Following confirmation on 18 March 2019 that the principal contractor had entered into administration, the formal process of procurement started, with the contract awarded to John Sisk and Son, as the new principal contractor for the completion of works.

The Committee was then appraised of the lessons learned from the incident, the current programme status in terms of progress, costs and funding and finally, the proposed actions that had been identified.

The Chair invited questions from the Committee.

It was acknowledged that without the swift action of the Council, it would not have been possible to rescue the contract and the Committee placed on record its thanks to all those that had been involved.

Concern was raised in relation to the ability for sub-contractors to report any issues of concern they had around payment with the principal contractor and it was suggested that there should be a mechanism for these concerns to be raised directly with the Council.

The Committee queried that given a known cause of delay to the scheme had resulted from the need for re-working aspect of the scheme that had been assessed as being of sub-standard quality, whether the original value of the contract was not sufficient or was the principal contractor providing substandard work. The Director of Highways responded, advising that there had been no evidence to suggest the principal contractor was delivering poor quality work, but what did become evident was that the progress of works had slowed down. He also added that the principal contractor was paid by the Council in accordance with works completed and it was their responsibility to ensure payment was made to any sub-contractors. It was reported that nothing had ever been raised directly with the Council on the issue of non-payments, but this would be a lesson learned for the future in regards to the whistleblowing policy.

In relation to a question on the identified changes in financial stability of the principal contractor, which had been identified on further accountant examination following the incident, the Head of Audit and Risk Management advised that the credit check report that was undertaken prior to the contract being awarded had identified the principal contractor as low risk and at the time there was nothing to make the Council concerned around their financial stability.

In re-awarding the contract, the Committee queried why it had been agreed that the contract for the completion of works should be let in accordance with NEC Option E, as payments were on cost reimbursement plus overheads and profit which transferred a greater level of financial risk to the Council. The Deputy Chief Executive and City Treasurer explained that although this was not a preferred form of

contract that the Council would normally enter, and had only been used in this occasion given the very specific and particular events that occurred on MSIRR and the intolerable risk of further, significant details on the programme following the unexpected collapse of original principal contractor.

It was suggested that in awarding any future contracts, consideration should be given to locally based contractors and that the ability for sub-contractors to report concerns directly to the Council should be built in to future contracts, should they not feel able to raise concerns with the principal contractor.

### **Decision**

The Committee note the lessons learned from the MSIRR programme.

### **AC/19/45. Annual Complaints Report**

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the City Solicitor which presented the complaints and enquiries dashboard for the Council's annual performance for 2018/19 relating to corporate and social care complaints, Councillor and MP enquiries. The report also provided information of how the complaints and enquiries received had been used to influence service related improvements. The Director of Policy Performance and Reform introduced the report.

The Chair invited questions from the Committee.

Reassurance was sought that where praise was received for staff, this was passed on to the member of staff in question. It was also asked how much forward planning did the Council undertake in identifying areas of work that would possibly result in complaints being received.

The Feedback and Complaints Manager advised that all directorates received quarterly report on praise received for staff, which was circulated to all Managers for ensuring that this was then passed on to the appropriate members of staff. In terms of forward planning it was explained that the Complaints Team worked with all Directorates to identify areas of work that could potentially be problematic and result in a spike in complaints to try and communicate with residents in advance.

### **Decision**

The Committee notes the report.

### **AC/19/46. 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.

It was commented that a number of previous recommendations made by the Committee in late 2018 and early 2019 still required responses.

In relation to the recommendation that the minutes of the Manchester Local Care Organisation Audit Committee be submitted to this Committee for information, the Head of Audit and Risk Management commented that the MLCO did not have its own Audit Committee and it was actually Manchester Health Foundation Trust (MHFT) that had an Audit Committee. He advised that a conversation would need to be had with colleagues at MHFT as to what could be provided to this Committee.

The Deputy Chief Executive and City Treasurer agreed to arrange response to the outstanding recommendations in advance of the next meeting.

### **Decision**

The Committee:-

- (1) Notes the Work Programme; and
- (2) Notes that the Deputy Chief Executive and City Treasurer will arrange responses to the outstanding recommendations in advance of the next meeting.

### **AC/19/47. Exclusion of Press and Public**

#### **Decision**

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information

### **AC/19/48. Annual Counter Fraud Report - PART B**

The Committee considered a report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management, which provided a summary the outcome of reactive and proactive work undertaken during 2018/19 to investigate referrals of fraud and other irregularities.

The report set out the context for fraud risks in the Council and the response to these risks. It provided a summary of the work delivered by Internal Audit along with other teams across the Council during the year, resolution of issues and areas identified for further development during 2019/20.

The Head of Audit and Risk Management referred to the main points and themes within the report and responded to questions from the Committee.

#### **Decision**

The Committee notes the report

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**Manchester City Council  
Report for Information**

**Report to:** Audit Committee - 12 November 2019

**Subject:** Internal Audit Assurance Report 2019/20

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

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**Summary**

The Internal Audit Section delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the Council. This work culminates in the Annual Head of Internal Audit Opinion and an Annual Assurance Report. This report provides a summary of the audit work undertaken and opinions issued in the period April to September 2019.

**Recommendations**

Members are requested to:

1. Consider and comment on the Internal Audit Assurance Progress Report to 30 September 2019; and
  2. Confirm the proposed changes to the Internal Audit Plan 2019/20.
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**Wards Affected:** All

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**Contact Officers:**

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

- Internal Audit Plan 2019/20 (April 2019)
- Outstanding Audit Recommendations Report (30 July and 12 November 2019)
- Internal Audit Progress Report (30 July 2019)
- Manchester and Salford Inner Relief Road Lessons Learned (15 October 2019)

## 1. Introduction

1.1 This report provides a summary of the work of the Internal Audit Section from April to September 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. Focus is on the work produced in the second quarter of the year July to September. The opinions and statistics have been shared with Directorate senior managers for discussion; to agree actions; and will be used to inform an overall annual assurance opinion in March 2020.

1.2 Appended to this report are:

- Appendix One: The full delivery status of the annual audit plan
- Appendix Two: Executive summaries from 2019/20 audit opinion reports issued as final in the quarter
- Appendix Three: Basis of Audit Assessments (Opinion/Priority/Impact)

## 2. Audit Programme Delivery

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

<b>Audit Status</b>	<b>2018/19 Brought Forward</b>	<b>2019/20 Audit Plan Outputs</b>	<b>Additional Items</b>
Final Report	19	28	4
Draft Report	2	2	
Fieldwork Completed		4	
Fieldwork Started		10	2
Planning		7	
Not started		38	1
Cancelled / Deferred / Rescoped		14	
<b>Totals</b>	<b>21</b>	<b>103</b>	<b>7</b>

2.2 Outputs 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 usually 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 where there is a proactive report but does not include all casework. The key focus of corporate fraud and investigation work is summarised in section nine for information however details and outturn was reported in the annual fraud report presented to Audit Committee in September 2019. This is due to the confidential nature of case work and the status of case activity.
- 2.4 Progress on delivery of the 2019/20 annual audit plan has been impacted by a number of factors as follows:
- Resource and timing requirements for completion of a number of audits from the 2018/19 audit plan beyond assumptions made in the development of the 2019/20 plan.
  - Requests for additional audit support on specific unplanned areas.
  - Two recent resignations at Auditor and Lead Auditor grades which impacts on resource availability to year end. These posts are not planned to be filled with permanent postholders immediately as a service restructure is underway for completion by 1 April 2020 and permanent recruitment will therefore be made once this new structure is in place.
- 2.5 Work brought forward from 2018/19 has now been delivered however completion of the 2019/20 plan is currently at 33% against plan (against a mid-year target of 40%) and there has been a review of risk and resourcing to consider how to address the delivery gap.
- 2.6 To increase capacity a recruitment exercise is underway to seek additional temporary resources of two auditors to year end. In addition, there a number of audits proposed for cancellation, deferral or rescoping; particularly where there are alternative means of gaining assurance or a reasonable request from management to delay audit to a more appropriate time. Specifically, the proposals for consideration are as follows:

#### Proposed Cancellation

- Children's Services / Post Ofsted Plan Monitoring Audit. A recently finalised audit from the 2018/19 plan provided substantial assurance over systems and processes and confirmed there was clear evidence of actions underway to continue to embed service improvements and change. Given the timing and positive assurance from this completed work we have discussed with management and propose that the next audit assurance in this area should be reconsidered as part of the wider assessment of organisational risk and assurance requirements in the 2020/21 audit planning process.
- Children's Services / Contracts Management. There has been a range of contracts audit work undertaken across the Council within the audit programme that provide assurance over progress to implement improved systems of control in contract arrangements. Areas for improvement remain but we have positive assurance that the service understand this and are focused on continuing to drive change.



- Core / Financial Systems. We propose to develop an assurance map to capture the risk assessment and assurances available across the Council's core financial systems. This will be completed in quarter four. As such three audits are proposed to be cancelled from the 2019/20 plan:
  - Revenue Budget Setting - There has been recent audit activity with positive assurance provided; there is a high level of senior management, finance and Member scrutiny of the processes; and because there have been no fundamental changes to the arrangements from previous years.
  - Council Tax - Previous audits provided substantial assurance over the core strategy and operational arrangements and based on initial planning there are no significant changes in systems or processes that present new risks.
  - Income (other) - There was positive assurance provided when this was last audited and from initial planning we have confirmed there have been no specific risks or issues that mean this is a high priority area for assurance.
- Workforce Delivery Planning. This audit was planned to provide assurance over workforce planning and development. Assurance in this area will be sought through activities set out in the Our Transformation Programme and Annual Governance Statement processes rather than a specific audit. We are aware of a range of activities ongoing in this area including new summary service business plans (including workforce development priorities), induction and buddy arrangements, leadership and management development programmes and review of the joiners/movers/leavers processes, all of which we will consider in developing the annual audit opinion in March 2020.

#### Proposed Deferral

- Children's Services / Placements Contract Management Audit. This audit is proposed to be rescheduled for completion in quarter one 2020/21 as this will enable recent changes in resourcing and systems within the Children's Commissioning and Contracts team to embed. The audit will then focus on testing compliance with these new systems and processes.
- Neighbourhoods / Casework Management Flare Upgrade. This replacement is in the procurement phase and this will delay the proposed audit which was intended to support on business process redesign and/ or the migration of data to a new system. As such this audit will be reconsidered as part of 2020/21 planning.

#### Proposed Rescoping

- Children's Services / Management Oversight and Supervision Follow Up Audit. The 2018/19 audit provided moderate assurance and the planned follow up was at the request of the Director of Children's Services. Rather

than a full reperformance of the audit we will monitor progress to implementation of agreed actions and perform focused testing within the audit recommendation monitoring process rather than carry out a separate audit. This follow up work is now underway.

- Core / Capital Strategy Governance. The governance aspects of the capital strategy and capital programme will be considered with the audit work planned on Capital Programme Management as there is a clear relationship between the two. We are aware of significant progress having been made in this area with the Capital Strategy Board and portfolio boards in place overseeing capital funding allocations and delivery; these elements will be considered in the scoping of the planned work.
- Neighbourhoods / Highways Contracts Financial Due Diligence. A planned audit of due diligence has been superseded by actions taken and planned in response to administration of principal contractor on the Manchester Salford Inner Relief Route Programme (MSIRR). The details of this and lessons learned were reported to Audit Committee on 15 October and including planned actions to review and refresh organisational due diligence arrangements under the leadership of the Head of Integrated Commissioning and Procurement. As such the audit role will be to engage and support improvement actions in this area.
- Neighbourhoods / Highways Assurance Framework, Highways Investment Programme, Highways Service Redesign. Following a number of concerns raised with the Strategic Director Neighbourhoods and Internal Audit the planned audit work was rescoped to focus on a detailed review of Highways Programme and Project Management which is now underway. We are aware that the service redesign is progressing with HR support and as such have assurance that some of the risks to the Highways Service in terms of structure and capacity to deliver the Investment Programme should be addressed through this approach. Some of the planned time for Highways audits has also been redirected to detailed audits of the MSIRR application payments as referred to later in this report.

2.7 The sections below describe the progress and overall summaries of assurances provided in this quarter against the agreed annual audit plan.

### **3. Adult Services**

3.1 The Executive Director of Adult Social Services presented a report to Audit Committee on 15 October 2019 providing an update on progress with delivery of the Adults Services Improvement Plan and action taken to implement audit recommendations. Audit Committee noted the need to more clearly link changes planned through the Service Improvement Plan to outstanding audit recommendations to provide assurance that these were being addressed; and a need for a clearer map of assurance over functions delivered through the Manchester Health Care Commissioning (MHCC) and Manchester Local Care Organisation (MLCO) partnerships. Internal Audit have developed a protocol

and approach with the internal auditors of Manchester Clinical Commissioning Group to improve coordination of audit work across MHCC and will seek to develop the same with Manchester Foundation Trust for MLCO activities. As agreed with Committee we will develop and present an assurance map to aid in Committee assessment of areas of assurance and will present this to key stakeholders and to Audit Committee in quarter four.

- 3.2 We provided limited assurance that the governance arrangements between the Council and the MLCO were operating effectively in line with the partnering agreement and supporting delivery of key objectives (For Executive Summary see Appendix 2 ES1). This was due to the need to simplify governance and accountability arrangements, improve clarity and efficiency of reporting lines and the define clear roles and responsibilities for the discharge of key functions and accountabilities. These were issues well known to management within the Council and with partners and the audit provided a basis and framework for focused engagement and discussion. The Director of Policy, Performance and Reform has since led a number of workshops with Health and Council colleagues to explore how the governance could be streamlined and developed to be more effective in future and this work is ongoing. Other work is already under way to address some of the issues raised such as revising committee terms of reference and membership, updating the agreements and simplifying performance metrics.
- 3.3 A follow up audit was completed on the Disability Supported Accommodation Services (DSAS) Quality Assurance Framework in September (Appendix 2 ES2). This concluded that actions taken to date have not addressed the risks noted in the original audit and that work was still required to develop an approach to the audit of properties and to ensure a consistent, standardised assurance programme based on risk. As such the recommendations in the audit were assessed as outstanding although actions were proposed in October and will be followed up as part of the standard recommendation monitoring process.

#### **4. Children's Services**

- 4.1 As reported to the Children and Young People Scrutiny Committee on 9 October, the implementation of the Liquid Logic case management system has been a key focus for Children's, Adults and Finance services. This project was a significant technology change but critically it also involved substantial change in business processes and new ways of working. It is recognised that whilst the system has gone live across services, the project remains in transition as there are aspects of business readiness and other changes that need to be finalised and the consistent use and it acknowledged that the consistent use and application of the system will develop over time. There remain some workarounds in place to ensure that care and associated payments to providers and carers can be made and this remains an area of focus for the project team. To provide key stakeholders including External Audit, with confidence over the completeness, accuracy and validity of financial information flows through Liquid Logic to the payment and finance systems, Internal Audit will work with finance and the project team to obtain

appropriate assurance. This work will progress in quarter three in advance of the Interim External Audit in January 2020.

- 4.2 In addition to supporting this work on assurance over information flows, Internal Audit completed work on Liquid Logic data quality, user acceptance testing, business continuity planning and access controls as part of the preparation for go live. Actions agreed in response to advice issued through this work have been completed or are being addressed through the project team.
- 4.3 An assurance review of the Post OFSTED Inspection Action Plan was finalised in the quarter. This confirmed substantial assurance over progress made in delivering the plan, noting that it provided an effective framework to ensure continuing improvement in the service areas identified as being weak in the 2017 OFSTED report. Significant progress had been made in implementing recommendations and the direction of travel was positive. The review acknowledged the iterative nature of the action plan and that work was ongoing to ensure that revised systems and processes become fully embedded and fully deliver the desired performance improvement.
- 4.4 A lessons learned review was completed following the decommissioning of the Leaving Care contract and development of in-house service provision. This work was carried out to inform an assessment of the approach to decommissioning and to assess whether processes and procedures are sufficient to support the required actions when contracts are exited. The review acknowledged the substantial work undertaken to deliver this project in short timescales and did not identify any significant issues of concern. Suggestions to develop further organisational guidance and clarify roles and responsibilities to support timely input and engagement of all relevant service areas are being taken forward for action by the Integrated Commissioning and Children's Services Commissioning teams.

## **5. Education and Schools**

- 5.1 Substantial assurance was provided for first two of 14 schools included in the plan of financial health checks for completion by the end of March 2020. Internal Audit confirmed that the financial controls in operation at both schools were operating as intended and there were no significant risk or higher recommendations made for St Peter's Primary School (Appendix 2 ES3) and only one made to support St Luke's Primary School (Appendix 2 ES4) relating to the need for the School Development Plan to be multi-year and linked to the longer term budget.
- 5.2 Advice and guidance was provided to the Director of Education in relation to the Home to School Transport Appeals policy following a recommendation from the Local Government Ombudsman (LGO) for an independent review to confirm that Council procedures were fully aligned to statutory guidance. While there had been no fault found in relation to decision making for appeals the LGO had recommended that verbal representation should also be offered for stage two appeals. We concluded that while there were no significant

gaps in the Council's procedures there was a need to refresh guidance in line with statutory guidance. This new approach will be piloted to assess the impact of the change on administration and costs and a response has been issued to the LGO by the Council.

- 5.3 Assurance and support was also provided to develop the route allocation process used in the tendering of the social transport framework. The aim of the work was to determine whether the process being followed created an appropriate evidence trail of the decisions made and to advise of any alternative methods to help reduce the potential for error and the demand on staff resources which was significant. This confirmed that the current process was accurate but there was significant scope for improved efficiency and automation. To assist the service the Auditor designed an excel workbook which will help reduce staff time to complete large route allocation exercises and provide a robust audit trail of the decision making involved going forward.

## **6. Corporate Core**

- 6.1 Work in the quarter included a key focus on finalising ICT audit work from 2018/19. This included an audit of the G Suite (Google) application that provided reasonable assurance over the effectiveness of controls supporting the confidentiality, integrity and availability of the application. The audit highlighted a need to strengthen existing controls supporting the management of (and access to) suspended accounts, and the monitoring and periodic review of users granted access to privileged roles. Three recommendations for improvement were identified and we are aware that steps have already been taken to improve the control environment since the conclusion of the audit work.
- 6.2 We completed follow up work on Software Licensing following the limited opinion issued in July 2018 (Appendix 2 ES5). This confirmed that some progress has been made towards the implementation of recommendations, although further work was required to fully complete all required actions. In particular we noted that work to confirm and communicate ICT and directorate roles and responsibilities; and finalise a business case to resource and technology requirements to identify and manage licenses across the ICT estate was still in progress. These are being progressed but the audit reconfirmed the need to address these matters which are all now overdue. Further follow up will be completed as part of the recommendation monitoring process and reported to the Strategic Director, Executive Member and to Audit Committee.
- 6.3 An audit of Cyber Security was completed but the findings of this report, and associated audit opinion, will not be disclosed beyond the report distribution list. This is due to the sensitive nature of the report in that any areas for improvement could expose the Council of heightened risk of security incidents. A verbal briefing on the findings of this audit and planned actions will be provided to Audit Committee in Part B of the meeting.
- 6.4 A briefing note was issued in July confirming the current position on the Data Centre Programme. This is a major programme and a short update was

provided to Resources and Governance Scrutiny Committee on 8 October 2019. The audit note confirmed that in July the Data Centre Programme presented a high reported level of current risk and was rated as 'red' overall. This was largely as a result of delays in securing a network design and the criticality of this stage in enabling the data centre configuration and network connectivity. These risks have been reported to Strategic Management Team and whilst the programme is progressing there remains a high level of risk given the scale of work required to be completed in tight timescales. There is an acknowledgement that external events such as the General Election could further impact the ability to deliver this project by the planned go live date. Whilst presenting a high level of risk we did report that the programme was subject to appropriate governance and escalation reporting with a high level of oversight by the Interim Director of ICT. As such Internal Audit considered the current governance arrangements provided a positive assurance that risks, issues and progress were being overseen and managed appropriately.

- 6.5 Positive assurance was provided from an audit of treasury management (Appendix 2 ES6) and from grant certifications completed for the Carbon Reduction Commitment. The latter confirmed the accuracy of energy use figures for both Manchester and Bolton Councils, supporting submission of these to the Environment Agency in July 2019. Positive assurance was also provided for the Interreg ABCitiEs grant where certification work in relation to the first and second tranches of project delivery for the European project was completed and there were no significant matters arising. A key area of focus for the quarter is core financial systems assurance mapping, the outcome of which will be presented to Audit Committee in subsequent assurance reporting.

## **7. Neighbourhoods and Growth and Development**

- 7.1 Reasonable assurance was provided over the Neighbourhood Investment Fund (NIF) scheme for assessing and awarding grants (Appendix 2 ES7). There was a well-defined approach to the award of grants and applications examined were largely completed in line with the guidance and approval/rejection decisions had been obtained from relevant Members. Where applications had been rejected the rationale was appropriate. There were some areas where governance and control could be strengthened and we found a few anomalies within our sample where the process had not been applied as intended; due to differences in the approach between Wards. In particular there were some gaps in the evidence trail supporting grant award decisions and there were some inconsistencies in the timeliness of monitoring. A number of NIF grants were awarded to community groups who had previously received funding and we noted that this could restrict funds available to new groups and that where further options for alternative funding streams to encourage sustainability should be explored.
- 7.2 A lessons learned report for MSIRR (Regent Road) was presented to Audit Committee 15 October 2019. As part of the new contract Internal Audit has performed examination of four applications for payment and raised a number of concerns over the quality of evidence provided in support of these

applications. These concerns related primarily to the accuracy of labour charges and were addressed part way through the contract with introduction of a biometric time recording system. The Project Manager and Internal Audit have met with the main contractor to discuss a number of unresolved historic queries which will need to be addressed before the final account is approved and paid. These checks will be included in a review of the final account, due at the end of October.

- 7.3 An audit of the Greater Manchester Road Activity Permit Scheme (GMRAPS) was finalised providing reasonable assurance over the effectiveness of processing of GMRAPS based on testing a sample of permits and inspections (Appendix 2 ES8). Whilst the system was largely robust there was a need to improve the permit process for works completed by the in house service and clarity required over some aspects of the process for fines, collection and debt recovery for which management actions have been agreed.
- 7.4 Two Disabled Facilities Grants (Main and Additional) were reviewed in period with audit work confirming the validity of the grant claims totalling £7.8m. In certifying the grants we raised five moderate and minor priority recommendations seeking some improvement in guidance, record keeping and reconciliations which management have agreed to address.

## **8. Procurement, Contracts and Commissioning (PCC)**

- 8.1 Overall our work within PCC demonstrates that there has been improvement in aspects of organisational commissioning, procurement and contract management arrangements however there is still significant work and activity is continuing well. There is a demonstrable clear, positive direction of travel over the controls in place for Council contracts and the work driven by the Integrated Commissioning team has resulted in improved visibility of contracts, enhanced guidance and tools available and improved methods of engaging officers with a role in contract management through targeted bulletins and regular Contract and Commissioning Manager meetings. There is an acceptance that there is still more work to be done to improve overall contract management of Council contracts and the role DMTs can play in assessing their Directorate's position on this. The importance of upskilling contract and commissioning officers across the Council is evident through the increase in the training and development opportunities on offer.
- 8.2 A follow up audit of Contractor Whistleblowing Arrangements (Appendix 2 ES9) demonstrated that good progress has been made and we concluded that the two agreed recommendations were implemented. We recognise that following the MSIRR Lessons Learned Report there may be more to do in raising contractor and sub-contractor awareness of the Council's whistleblowing arrangements and routes to 'speak-up' and will work with the Head of Head of Integrated Commissioning and Procurement on this area. Similarly the Corporate Taxi Framework follow up audit confirmed the implementation of three significant and two moderate recommendations (Appendix 2 ES10). The taxi framework is currently being retendered informed by learning from the risks and issues of the previous arrangements and this audit work will be used to inform the new systems of control.

- 8.3 Reasonable assurance was provided in relation to arrangements to ensure compliance with the Public Contracts Regulations 2015 with the majority of procurements tested in line with expectations (Appendix 2 ES11). The Chest system that is used for tendering activities was not consistently updated for the final stages of procurement and there were a number of occasions when prescribed timelines were not complied with. We made two recommendations to address these risks which were agreed by management and will be taken forward in line with recommended timescales.
- 8.4 A Procurement, Contracts and Commissioning Assurance Framework was further developed with action to populate an assurance map which highlights existing sources of assurance in relation to the Council's procurement and contract management arrangements. This was based initially on audit knowledge of current key controls and assurances predominantly around the procurement life cycle and updated following engagement with key commissioning and procurement officers to further enhance the detail and add controls and assurances. The resulting assurance map as shared with colleagues should help to identify potential omissions or duplications in sources of assurance. We will continue to update this document when required as existing assurances develop. This approach will also be used for the mapping of ICT; Core Financial Systems; and Health and Care assurances by year end and the outcome of this work is proposed for inclusion in a separate report to Audit Committee.

## **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 presented to Audit Committee in October 2019. A summary of key activity is as follows.

### **Proactive**

- 9.2 In 2018/19 Internal Audit commissioned an external firm to review potential duplicate payments, VAT coding errors and unrecovered credit balances with suppliers. The current exercise is due to conclude at the end of November 2019, by which time the firm will have reviewed five years of standard supplier payments. At the end of September the Council have recovered £345k, net of fees charged. While this is a significant sum it is a very small percentage of the payments made over this period and is not considered indicative of any wider control weakness. We will carry out an evaluation following project conclusion but are also commissioning a more focused piece of work on telecommunications payments, which will start in November 2019.
- 9.3 The National Fraud Initiative continued during the year with Internal Audit supporting progress on investigation of data matches with colleagues in various business areas. While data matches do not always indicate fraud or error this work enables an assessment of risk and improved data quality where appropriate. A progress report was issued recently to confirm the status of current work and next steps. The 2016/17 exercise was closed by the Cabinet Office and resulted in £61k of overpayments though no criminal



investigations were undertaken as a result.

- 9.4 In relation to the 2018/19 NFI exercise £96k of fraud and error has been identified to date and 825 blue badges have been cancelled. The NFI Pilot has identified £50 of fraud and error with work ongoing. Recovery action is being pursued in each instance where an overpayment has been raised. In addition to this the Council Tax HMRC pilot is expected to recover in excess of £1m. The exercise, though resource intensive, continues to demonstrate value in terms of outcomes.

### **Reactive**

- 9.5 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**

- 9.6 Internal Audit has received 34 referrals of potential corporate fraud, theft or other irregularity in the year to date of which nine were considered whistleblowing allegations made either anonymously or from a named source and were handled under the Council's Whistleblowing Policy and Procedure.
- 9.7 The nature of investigation work remained consistent to that of previous years and included concerns raised in respect of a number of key risk areas including: staff conduct and behaviours; employee compliance with procedures; and relationships with and activities of third party organisations. Since the Annual Counter Fraud Report to Audit Committee in October, a successful prosecution was secured with the conviction of a former finance officer from Abraham Moss Community School who was found guilty of theft £27k of dinner money and other cash income relating to trips and charity collections. She was sentenced to a prison term and action to seek recovery of the money is underway. This case was reported in the online media and we continue to explore options to highlight such cases as a deterrent to criminal activity.

### **Council Tax Reduction Scheme, Housing Tenancy and Right to Buy**

- 9.8 A total of 51 new referrals of fraud and irregularity in relation to Council Tax Support, Council Tax Discount, Housing Tenancy Fraud and Right to Buy application fraud were received in the period making a total of 109 referrals in the year to date. The service took steps to recover a total of £19k of Council Tax Reduction overpayments and £182k of fraud has been prevented or detected where benefits accrue to the wider public sector such as the Department for Work and Pensions or housing providers.

## 10. Recommendation Implementation

- 10.1 Internal Audit continued to monitor 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 at six and nine months overdue. 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 58% with a further 10% partially implemented. This is below the target of 70% and a lower level of implementation than last quarter. There are a number of challenges in implementation within Adults and Children's Services. These issues have been reported to Audit Committee and solutions in a number of cases are linked to actions being progressed as part of wider service improvement programmes.

















### Critical, Major or Significant Priority Recommendations by Directorate

Directorate	Number Due	Implemented	Partially Implemented	Referred Back to the Business	Outstanding
Corporate Core	29	24	3	0	2
Children's Services	20	6	1	0	13
Adult Services	20	6	3	0	11
Growth & Dvt Neighbourhoods	14	12	1	0	1
<b>Total</b>	<b>83</b>	<b>48</b>	<b>8</b>	<b>0</b>	<b>27</b>
		<b>58%</b>	<b>10%</b>	<b>0</b>	<b>32%</b>

## 11. Recommendation

- 11.1 Members are requested to consider and comment on the Internal Audit Assurance Progress Report to 30 September 2019 and confirm the proposed changes to the Internal Audit Plan 2019/20.

**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) 21.05.19	Delivered	Moderate 	Not Set – 2018/19 audits
Schools Procurement (Thematic) 12.07.19	Delivered	Moderate 	
Children’s Services – Management Oversight and Supervisions 09.05.19	Delivered	Moderate 	
Deprivation of Liberty Safeguards (DoLS) 03.05.19	Delivered	Limited 	
Floating Support - Support to Homeless Citizens in Temporary (Dispersed) Accommodation 29.05.19	Delivered	Limited 	
Adults Services – Management Oversight and Supervisions 05.04.19	Delivered	Limited 	
Mental Health Casework Compliance 05.04.19	Delivered	Limited 	
St Matthew’s RC High School 03.05.19	Delivered	Limited 	
Off Rolling of Pupils 06.06.19	Delivered	Moderate 	
Manley Park Primary School 09.05.19	Delivered	Moderate 	
Ofsted Improvement Plan 17.10.19	Delivered	Moderate 	
Planning for Permanence	Draft	Reasonable 	
Manchester Local Care Organisation – Governance 11.09.19	Delivered	Limited 	
Manchester Heath Care Commissioning – Financial Framework Compliance 17.10.19	Delivered	Substantial 	
Children’s and Education Services 2019/20			
St Peter’s Catholic Primary School, Financial Health Check 05.09.19	Delivered	Substantial 	Low
St Luke’s C of E Primary School, Financial Health Check 11.10.19	Delivered	Substantial 	Low
Free Early Education Entitlement (FEEE)	Fieldwork		High

Audit Area	Audit Status	Assurance Opinion	Business Impact
	complete		
Schools Assurance Framework (Assurance Mapping)	Fieldwork started	Set at draft	Medium
Early Help Delivery			High
Children’s Services: Quality Assurance Framework and Safeguarding and Improvement Unit	Not started		High
Adoptions Policy and Procedure			High
SATs Quality Assurance Framework			High
Safer Recruitment			High
Special Educational Needs (SEND)			High
Schools Quality Assurance Framework			High
Post Ofsted Plan Monitoring	Cancelled Consider for 2020/21 audit planning		
Children’s Services – Supervisions and Management Oversight – Follow Up	Rescoped Included in recommendation monitoring		
Adult Services, including MHCC and MLCO 2019/20			
MHCC – Financial Sustainability Plan	Fieldwork complete	Set at draft	Medium
Adults Improvement Plan Governance			High
Deprivation of Liberties – Follow Up	Fieldwork started		High
Manchester Services for Independent Living (MSIL)	Planning		High
Adults Social Work Casework Compliance			High
Adults Improvement Plan Delivery			High
Integrated Delivery Teams	Not started		High
Mental Health Panels			High
Health and Social Care Assurance Framework			High
Manchester Health and Care Commissioning Block			High
Mental Health casework – Follow Up			High
Adults Services – Management Oversight and Supervisions – Follow Up		High	

Audit Area	Audit Status	Assurance Opinion	Business Impact
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 <div></div>	
Our Manchester VCS Grants – Outcome Monitoring 20.06.19	Delivered	Moderate <div></div>	
GDPR – Post Implementation Review 20.06.19	Delivered	Substantial <div></div>	
Risk Governance Assurance 24.05.19	Delivered	Substantial <div></div>	
Data Centre Replacement 25.07.19	Delivered	Briefing note	
Our Manchester – Performance Management Framework	Delivered	Briefing note	
Corporate Services 2019/20			
Our Town Hall: Allocation of Work Packages 28.05.19	Delivered	Substantial <div></div>	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		
Grant Certification: Carbon Reduction Commitment 26.07.19	Delivered	Grant Cert	Medium
Core Systems: Treasury Management 30.07.19	Delivered	Substantial <div></div>	Medium
GSuite: Application Audit 10.09.19	Delivered	Reasonable <div></div>	High
Cyber Security 18.10.19	Delivered	Not disclosed	High
Liquidlogic: Access Control 30/07.19	Delivered	Advice and Guidance	
Software Licensing: Follow up 11.10.19	Delivered	Follow Up Audit	
Data Protection Impact Assessments	Draft	Set at Final	Medium
Recruitment and Selection	Fieldwork complete		Medium
ICT Assurance Framework	Planning		Medium

Audit Area	Audit Status	Assurance Opinion	Business Impact
User Experience Programme: Asset Management	Planning		Medium
Digital Experience Programme (Block)			Medium
Core Systems: Income (SAP)			Medium
Core Systems: Payroll Continuous Audit (Q3)			Medium
Core Systems: Payroll Continuous Audit (Q4)			Medium
Grant Certification: URBACT C-Change			Low
Grant Certification: Interreg ABCitiEs			Low
Our Town Hall: Incentive Model			High
Our Town Hall: Cost Surety of Work Packages Construction Budget			High
Officer Decision Making: Recording	Not Started	Not set – non opinion audit work	High
Annual Governance Statement			Medium
Capital Programme Management			High
Core Financial Systems: Assurance Framework	Planning	Not set – non opinion audit work	Low
Making Tax Digital	Not Started		Low
Corporate Core Transformation			Low
Capital Strategy: Governance	Rescoped Included in Capital Programme Management		
Core Systems: Revenue Budget Setting	Cancelled		Medium
Core Systems: Income (Other)			Medium
Core Systems: Council Tax			High
Workforce Development Planning			Medium
Growth and Development and Neighbourhoods Brought Forward Work 2018/19			
Highways Framework Contracts – Award, Payments and Performance 25.04.2019	Delivered	Moderate <div></div>	Not set 2018/19 audits
Northwards Capital Project Management 25.06.2019	Delivered	Substantial <div></div>	
Governance of City Centre Delivery	Draft	Moderate	

Audit Area	Audit Status	Assurance Opinion	Business Impact
		●	
Growth and Development and Neighbourhoods 2019/20			
Neighbourhood Investment Fund 02.09.19	Delivered	Reasonable ●	Low
New: MSIRR (Regent Road) 1st Payment Review 15.05.19	Delivered	Briefing Note	High
New: MSIRR (Regent Road) 2nd Payment Review 14.06.19	Delivered	Briefing Note	High
New: MSIRR (Regent Road) 3rd Payment Review 26.07.19	Delivered	Briefing Note	High
New: MSIRR (Regent Road) 4th Payment Review 08.08.19	Delivered	Briefing Note	High
GM Road Activities Permit Scheme (GMRAPS) 15.10.19	Delivered	Reasonable ●	Medium
DFG (Main) Grant Certification 08.10.19	Delivered	Grant Certified	Low
DFG (Additional) Grant Certification 08.10.19	Delivered		Low
Section 106 (Planning Obligations)	Fieldwork complete	Set at Draft	Medium
Highways Service: Programme and Project Management Assurance	Fieldwork started		High
Trading Standards	Not started		Medium
Residential Growth Strategy and Affordable Housing			High
Approach to Neighbourhood Delivery			High
Highways Grant Certifications			Low
NCP Contract replacement			High
Approach to Recycling			High
Contract Monitoring: Leisure			Medium
Planning Applications			Medium
Management of Major Housing Developments within the City			High

Audit Area	Audit Status	Assurance Opinion	Business Impact
Work and Skills			Medium
New: MSIRR (Regent Road) - Final Payment Review			High
Highways Assurance Framework	Rescoped Replaced by Highways Programme and Project Management		High
Highways Investment Programme Plan			High
Highways Service Redesign			Medium
Highways Contracts Financial Due Diligence	Rescoped Engagement in Task and Finish Working Group		Medium
Casework Management: Flare Upgrade	Cancelled Pending tender exercise for replacement		Medium
<b>Procurement, Commissioning and Contracts (PCC) 2018/19 Brought Forward Work</b>			
Prevention and Detection of Procurement Fraud – Use of System Data 06.06.19	Delivered	Moderate 	Not set 2018/19 audit
<b>Procurement, Commissioning and Contracts (PCC) 2019/20</b>			
PCC Assurance Framework 09.10.19	Delivered	Briefing note	N/A
Public Contracts Regulations Compliance 02.09.19	Delivered	Reasonable 	Medium
Highways Framework Follow Up 17.06.19	Delivered	Implemented 	Medium
Insurance Arrangements in Contracts Follow Up 18.06.19	Delivered	Implemented 	Medium
Taxi Framework: Follow Up 26.09.19	Delivered	Implemented 	Medium
Contractor Whistleblowing Arrangements Follow Up 18.07.19	Delivered	Implemented 	Medium
New: Social Transport Route Allocation Advice 18.09.19	Delivered	Briefing Note	Medium
Decommissioning Contracts: Leaving Care	Draft	Set at Final	Medium
Contract Management: Adults (Complex Needs)	Planning		Medium
Factory Project	Planning		High
Contracts Performance Management: Key Performance Indicators	Not started		High



<b>Audit Area</b>	<b>Audit Status</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
Contract Monitoring: Leisure Contract			High
Framework Agreements: Award and Selection			High
Contracts Spend Review			High
Contract Governance Framework Agreements – Follow Up			High
Factory Project Grant Certification		Not set Grant Certification	Medium
Modern Slavery: Safeguarding in Contracts		Not Set - Discovery	Mandatory
Contract Management: Children's (Placements)	Deferred		High
Contract Management: Block	Cancelled		High

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**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
ES 1	Assurance Review – MLCO Governance
ES 2	DSAS Quality Assurance Framework Follow up
ES 3	St Luke's C of E Primary School
ES 4	St Peter's Catholic Primary School
ES 5	ICT Software Licensing Follow Up
ES 6	Treasury Management Compliance
ES 7	Neighbourhood Investment Fund (NIF)
ES 8	Highways – Greater Manchester Road Activity Permit Scheme (GMRAPS)
ES 9	Contractor Whistleblowing Arrangements Follow Up
ES 10	Taxi Framework TC067 Follow Up
ES 11	Compliance with Public Contract Regulations 2015

**ES1 Manchester City Council Internal Audit Assurance Review Report 2019/20****Adult Social Care****Assurance Review – MLCO Governance****Distribution**

James Binks	Director of Policy, Performance and Reform, Responsible Officer
Bernadette Enright	Executive Director of Commissioning & DASS, Accountable Officer
Tim Griffiths	Assistant Director – Corporate Affairs (MLCO)
Peter Ball	Head of System Transformation (MHCC)
Carol Culley	Deputy Chief Executive and City Treasurer
Nick Gomm	Director of Corporate Affairs (MHCC)
Claire Yarwood	Chief Finance Officer (MHCC)
Laura Foster	Director of Finance (MLCO)
Councillor Craig	Executive Member
Joanne Roney	Chief Executive
Fiona Ledden	City Solicitor
Karen Murray	External Audit (Mazars)
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Draft Report Issued	9 August 2019
Final Report Issued	11 September 2019

**Executive Summary**

<b>Assurance Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To provide assurance that the governance arrangements between Manchester City Council and the	Limited	High

Manchester Local Care Organisation are operating effectively and in line with the partnering agreement and supporting delivery of key objectives.		
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Sub objectives that contribute to overall opinion	Assurance
Committee structures and membership	Reasonable
Clarity and discharge of roles and responsibilities	Limited
Decision making and discharge of statutory duties	Limited
Performance and other reporting	Limited

Key Actions	Risk	Priority	Planned Action Date
Partners should work together to clarify accountabilities, responsibilities, delegations, and reporting lines, seeking to ensure clear and consistent governance arrangements for adults' social care. Two working groups of key individuals from the Council, MLCO and MHCC will be established to assess the current accountability structures in place across the three organisations and to make a proposal for simplifying these.	Critical	3 months	30/11/19

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

## 1. Introduction and Background

- 1.1. The Manchester Local Care Organisation (MLCO) was established on 1 April 2018 via the signing of a Partnering Agreement, bringing together five partner organisations to deliver integrated community health and social care services: Manchester City Council, Manchester Health and Care Commissioning (MHCC), Manchester University NHS Foundation Trust (MFT), Greater Manchester Mental Health NHS Foundation Trust (GMMH), and the Manchester Primary Care Partnership (MPCP). The MLCO is not a statutory body or legal entity but a "virtual organisation". The MLCO is hosted by and has reporting assurance accountabilities for the delivery of health services through to MFT. The majority of adult social care services will be delivered

virtually through the MLCO, but statutory responsibility will remain with the Council.

- 1.2. Our work aimed to provide assurance that the governance arrangements between the Council and the MLCO are operating effectively in line with the partnering agreement and are supporting delivery of key objectives.

## **2. Findings**

- 2.1. Our audit work considered: committee structures and membership; clarity and discharge of roles and responsibilities; decision making and discharge of statutory duties; and performance and other reporting.
- 2.2. The governance arrangements defined within the Partnering Agreement are minimal and include a Partnership Board for strategic oversight and accountability, and an MLCO Executive for management and oversight of delivery of services. The Partnership Board is made up of two representatives from each of the five partner organisations, but the Council has had only one representative on the Board for much of the past year. The Deputy Chief Executive and City Treasurer has recently been appointed to fill the Council's second position. MLCO Executive is comprised of the 9 members of the MLCO Executive Team, which includes the Executive Director of Commissioning & DASS.
- 2.3. The governance structure beneath Partnership Board and LCO Executive has evolved over time. The key governance groups in place at the time of our review were: the Quality & Safety Committee (QSC); the Finance, Contracting & Performance Group (FCPG); the Operational Management Group (OMG); and the Programme Board. Terms of Reference for these groups were out of date, though this had already been picked up by an internal MLCO governance review and was being actioned. We struggled to reconcile actual versus expected attendance as the minutes listed only names or initials whereas members were defined in the Terms of Reference by job title, and it was rarely evident which attendees were there as delegates. However, it was concerning that attendance at many of these governance groups was both large (e.g. 16 to 22 individuals at each meeting of the QSC) and varied from one meeting to the next. Such groups risk being ineffective and inefficient due to a lack of focus and clarity of purpose for each of the members / attendees – i.e. who is responsible and accountable, and who is there to be consulted, and who is there to provide or receive information.
- 2.4. We considered the extent to which Council staff attended and contributed to governance groups. Although there was some Council representation at each of the meetings we examined, this tended to vary and did not always seem appropriate in terms of role and seniority. This was largely attributed to a simple lack of capacity for senior managers to attend all of the meetings at which they are expected, not only in the MLCO, but across the Council and MHCC as well. Since the Partnering Agreement was signed, there have been significant changes in the Adults Management Team, including a new

Executive Director of Commissioning & DASS and the appointment of three new Assistant Directors.

- 2.5. To help alleviate the pressure on senior managers' time, the Adults Management Team recently undertook a review of membership at each of the MLCO governance groups and made decisions regarding who would attend each group and who would be copied in for information. These decisions will need to be incorporated into the revised terms of reference.
- 2.6. We also considered the nature of the reports and discussions regarding adult social care that took place at MLCO governance groups. For the most part, it was evident that papers were being presented regarding decisions that had already been made or updates on plans already in progress – i.e. for information. Staff with whom we spoke from both the Council and the MLCO agreed that decision-making regarding adult social care was still largely happening within the existing Council management and governance structures.
- 2.7. The Service Level Agreement (Schedule 9 of the Partnering Agreement) is meant to be the main vehicle to describe the arrangements between the Council and the MLCO in regards to delivering adult social care services, but it was widely agreed that the SLA is out of date and incomplete, and does not reflect the current management structure in ASC. The MLCO plans to update the SLA as part of Phase 2. While the MLCO is attempting to increase integration with ASC, there is not a clear understanding about which bodies at which organisation are ultimately responsible or accountable, and which are to be consulted or informed. MHCC also wants oversight of key decisions, and the Council's governance bodies (Executive and Scrutiny Committees) likewise consider ownership, as the statutory responsibility remains with the Council. This lack of clarity has resulted in both gaps and overlap in accountability, and in duplication of effort.
- 2.8. These issues around capacity and multiple reporting lines will not be easily resolved and will require compromise from all partner organisations. However, in order to achieve the integration agenda, it will be key that roles, responsibilities, resources and risks are clarified to the satisfaction of all partners. A proposal to form a working group with representation from the Council, MLCO and MHCC has been agreed in principle and is the main recommendation arising from our work.
- 2.9. Finally, we considered the adequacy of the performance reporting information to MLCO governance groups in regards to Adult Social Care. The ASC 'Balanced Scorecard', which has been in place for a number of years for internal Council use, has been brought to the Finance, Contracting & Performance Group (FCPG). This scorecard contains a huge amount of data but it is difficult to extract meaningful information from it. The ASC Performance Board has recently been re-established, and this group aims to develop a set of focused KPIs for use by both the MLCO and the Council. Work was also underway on an MLCO-wide 'Quality Dashboard', which will

include some ASC performance metrics, though these were yet to be defined and finalised.

### 3. Conclusions and opinion

- 3.1. Successful integration of health and social care services is key to achieving the aims of the Manchester Locality Plan. Integration efforts have been and will continue to be hampered by unclear and inefficient reporting lines and clashes over ownership. For this reason, we can offer only **limited assurance** at this time that the governance arrangements between the Council and the MLCO are operating effectively in line with the partnering agreement and are supporting delivery of key objectives.
- 3.2. A number of actions are already underway to address some of the issues we have raised here, such as revising committee terms of reference and membership, updating the SLA, and simplifying performance metrics. Following discussion with the Director of Policy, Performance and Reform, the Executive Director of Commissioning & DASS, and representatives from the MLCO and MHCC, we have raised just one recommendation regarding the need to jointly work together to simplify governance and accountability arrangements with the aim of developing a more effective and efficient approach that eliminates gaps and overlap, reduces duplication of effort, and streamlines reporting requirements. However we do consider this recommendation to be a critical risk and addressing the issues raised within it being absolutely fundamental to continued work towards integration.



**ES 2 Internal Audit Report 2019/20****Adults Services: Disability Supported Accommodation Services****Follow Up Audit: DSAS Quality Assurance Framework****Distribution**

Karen Crier	Programme Lead, Health and Social Care Integration, Responsible Officer
Bernadette Enright	Executive Director of Commissioning & DASS, Accountable Officer
Nicola Thompson	Service Manager Independent Living
Sally Gill	Interim Service Manager Disability Supported Accommodation Services
Councillor Craig	Executive Member
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Karen Murray	External Audit (Mazars)

**Report Authors**

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Lead Auditor	Emma Maddocks	35269
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	9 August 2019
Final Report Issued	11 September 2019

<b>Audit Objective</b>	<b>Overall Implementation Status</b>
To provide assurance over the implementation of audit recommendations agreed in response to the audit of the DSAS QA Framework issued in February 2018.	Outstanding

**1 Audit Summary**

- 1.1 In November 2017 to January 2018, Internal Audit undertook an audit seeking to provide assurance that the Quality Assurance Framework for the Disability Supported Accommodation Service (DSAS) was operating effectively and in accordance with expectations to support delivery in line with legislation.

- 1.2 We provided a limited assurance opinion in February 2018 and made two recommendations. The first was to be undertaken in the short term to address current risks, and the second was to be developed in the longer term. Both were considered major risks to effective service delivery. A component of the second recommendation, to consider integrating oversight of the DSAS QA Framework into the Adults QA team, was not agreed by management. However, a number of actions were agreed with a target date for implementation of 31 August 2018.
- 1.3 In order to provide assurance to the Accountable Officer (Executive Director of Commissioning & DASS), SMT, and Audit Committee that progress had been made to address risk, we undertook a follow up audit in 2018/19 in line with policy where a limited opinion has been provided. The scope was to assess whether agreed actions had been completed to address the recommendations.

## **2 Conclusion and Opinion**

- 2.1 There has been insufficient progress made to implement and embed recommendations to address the risks identified and at this time, we conclude there is a no reduction in the overall exposure to risk.
- 2.2 Our attempts to follow up on progress against the recommendations were initially hampered by a lack of information from the service. Following receipt of some evidence in July 2019 and discussions with management in August 2019 about progress we have concluded that while management have taken some initial action the recommendations remain incomplete. We are satisfied that service managers understand that further action is required, and a series of specific actions have been agreed for completion.
- 2.3 The original recommendations and current confirmed status are attached at Appendix 1.
- 2.4 The explanation of recommendation prioritisation and follow up assurance is attached at Appendix 2.
- 2.5 Based on the results of this follow up audit, the next step will be to include the outstanding status of these actions in our next quarterly update reports to DMT and Audit Committee. The Executive Director of Commissioning & DASS will be invited to attend the Audit Committee to update on progress, which can be linked to the planned update on the Adults Service Improvement Programme. This is scheduled for Audit Committee in November 2019.

## **Appendix 1: Implementation Status Update**

**Recommendation 1 (Major risk):**

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:

- A register of each citizen, staff member and property which should be monitored centrally to ensure full, timely coverage.
- 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 arrangements rather than lower level, task specific compliance.

**Internal Audit Assessment:**

We were initially told by the Interim Service Manager that a register of all citizens, staff and properties was in place, but a copy was not provided to enable Internal Audit to verify this. The Service Manager Independent Living later told Internal Audit that creation of the register was assigned to PRI, that all information had been provided to them (other than staff details, which was only recently sent), and that it remained with PRI for action. No date was given for completion.

The register was meant to be a mechanism for centrally monitoring QA activity to ensure full and timely coverage. Local actions had been taken to provide for some oversight function but this was insufficient. For example, the North area had created their own google sheet listing the properties (rather than people) and the planned audit dates but this did not include details of citizens or staff, or when each had last been audited.

We were not provided with any evidence that registered managers or support coordinators had completed or were completing basic checks and/or reporting back on these.

In August 2019 management shared a 'House File Tracker' google sheet for the South Locality which was intended to serve as both the register to track QA activity, and also enable monitoring of other key activity, such as DIDS applications, SW reviews, PEEPs etc. On here an 'audit' tab to record activity had recently been added, but was not yet populated. We were told that populating this tracker for each locality would be a priority action, to be completed by the end of September. Once fully populated, we agreed that this would satisfy the first, second, and fourth bullet points of this recommendation.

There remained no system in place to ensure accountability for actions arising from the audits. Actions were left with Support Coordinators and Registered Managers to complete and monitor locally which was unchanged from the time of the original audit. After further discussions with service managers it was agreed that a tracker to monitor the status of actions will be introduced and we have confirmed that this tracker has been set up. Registered Managers were asked to populate it with all outstanding audit actions by the first week of September. We have been told that the tracker will be reviewed and discussed every four weeks at the Senior Leadership

meeting. Once in place, this process will satisfy the third bullet point of the recommendation.

At this time, until the further agreed changes described above have been actioned and embedded, we consider this recommendation is **outstanding**.

#### **Recommendation 2 (Major risk):**

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:

- 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, Contract Monitoring and Learning and Events teams.

Internal Audit propose to support development action by assisting management in the development and delivery of a redesign workshop.

#### **Internal Audit Assessment:**

Management did not agree that it would be appropriate to integrate the DSAS QA function with the Adults QA team, however it was agreed to hold a workshop to review and propose changes to the QA Framework, audit tool and guidance documents. We can confirm that these workshops took place in March 2018 as planned.

From our review of the revised audit tool and guidance documents, it is apparent that some changes had been made, but it was not evident that the risks previously identified have been satisfactorily addressed. In particular:

- The audit tool for citizens was still broad and generically worded and it was clear from reviewing a sample of completed audits that questions were being answered inconsistently and not in line with the guidance, and that actions were not always being raised where standards were not met.
- There is still no moderation process in place. From our review of a sample of completed audits, there was still inconsistency and incompleteness in how questions were answered and the depth to which outcomes were recorded.

To drive service improvement forward management have now arranged to hold a workshop with all Support Coordinators in October 2019 to develop and agree an audit moderation process. This workshop will also consider the content and wording of the audit tool following our feedback to determine where further improvements can be made.

At this time, pending the planned October workshop and development of an audit moderation process and changes to the audit tool arising from it, we consider this recommendation is **outstanding**.

Distribution	
Saeeda Ishaq	Head Teacher, Responsible Officer
Tanveer Ahmed	Chair of Governors, Accountable Officer
Joanne Darlington	School Business Manager
Councillor Bridges	Executive Member for Children and Schools
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Paul Marshall	Strategic Director, Children's and Education Services
Amanda Corcoran	Director of Education & Skills
Reena Kohli	Directorate Finance Lead, Children's Finance
Isobel Booler	Strategic Head of Schools QA & SEND
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Report Authors		
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Draft Report Issued	7 October 2019
Final Report Issued	11 October 2019

### Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance to the Governing Body and the Local Authority over the adequacy, application and effectiveness of financial control systems operating at your school.	Substantial	Medium
Objectives		Assurance
Allocation of financial roles and responsibilities		Substantial
Long term financial planning, budget approval and monitoring		Reasonable
Key financial reconciliations		Substantial
Expenditure, specifically purchasing and payroll		Substantial

Income collection and recording			Substantial
Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
The School Development Plan should cover three academic years as required in the School's financial regulations and should link to the longer term budget projections.	Significant	6 months	31 January 2020
Assurance Impact on Key Systems of Governance, Risk and Control			
Finance	Strategy and Planning	Resources	
Information	Performance	Risk	
People	Procurement	Statutory Duty	

## 1. Audit Summary

- 1.1. The 2019/20 Internal Audit plan includes an allocation of time to complete financial health checks at a sample of Local Authority maintained schools. We agreed to include St Luke's C of E Primary School in our audit programme due to the length of time elapsed since the previous audit.

## 2. Conclusion and Opinion

- 2.1. We are able to provide **substantial** assurance over the adequacy, application and effectiveness of financial control systems operating at St Luke's.
- 2.2. Overall the school operates strong financial control systems, particularly the allocation of financial roles and responsibilities, performing key financial reconciliations and accurate recording of expenditure. There is a comprehensive Scheme of Financial Delegation and an Operational Financial Procedures Manual in place and we found these were in the main complied in the areas tested.
- 2.3. We identified one significant or higher risk recommendation and this relates to the school development plan and the need to develop this into a three year plan. Whilst we understand the reason for not having a long term plan, given the uncertainty of future years, this is however a requirement of the School's Financial Regulations. Schools are required to have three year budget forecasts and it is important that these forecasts align to the school's priorities to demonstrate their affordability.

## 3. Summary of Findings

### Key Areas of Strength and Positive Compliance

- 3.1. The key financial controls and delegations are documented in the Scheme of Financial Delegation and Operational Financial Procedure Manual. These clearly define roles and responsibilities and are consistent with actual controls in operation.
- 3.2. Arrangements for budget setting and monitoring are clearly defined and monthly processes for reviewing and managing the budget are evident. Key financial reconciliations were completed on a timely basis and reviewed by management.
- 3.3. Our testing of expenditure controls, including reviewing a sample of lower value and higher value purchases and payroll changes confirmed compliance with Operational Financial Procedures and the Scheme of Financial Delegation, with a couple of minor exceptions.
- 3.4. The Business Manager has completed a self-assessment of the school's cash management financial controls using a template provided by Internal Audit following the cash in schools audit. The assessment identified some minor control issues that resulted in the School Business Manager (SBM) commissioning two neighbouring Business Managers to complete a review of the schools cash handling arrangements.
- 3.5. A number of changes to improve cash handling controls were introduced; two people are now present when cash is processed. The Business Manager confirmed the school has moved to the use of Parent Pay wherever possible, to reduce the value of cash on premise. Fieldwork confirmed that for cash that was received there were effective controls over cash receipting, counting, recording and banking, including appropriate separation of duties.

### **Key Areas for Development**

- 3.6. We make one significant or higher risk recommendation relating to the need to develop the School Development Plan into a three year document and ensure that the budget implications of each priority is clearly articulated. If there is no budget implication this should also be noted.
- 3.7. We make a number of moderate and minor risk recommendations to address individual instances of non-compliance and to help strengthen existing controls.

**ES4 Internal Audit Report 2019/20****Children's Services - St Peter's Catholic Primary School****Financial Health Check****Distribution**

<b>Name</b>	<b>Title</b>
Cathy Quinn	Head Teacher Responsible Officer
Nicola Eaton-Barnes	School Business Manager
Ellen Bowes	Chair of Governors Accountable Officer
Councillor Bridges	Executive Member for Children and Schools
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Paul Marshall	Strategic Director, Children's and Education Services
Amanda Corcoran	Director of Education & Skills
Reena Kohli	Directorate Finance Lead, Children's Finance
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**Report Authors**

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Draft Report Issued	19 August 2019
Final Report Issued	5 September 2019

**Executive Summary**

<b>Audit Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To provide assurance over the adequacy, application and effectiveness of financial control systems operating at the school	Substantial	Medium



System / Risk Objectives		Assurance	
Confirm that the financial management framework, including budget setting and monitoring arrangements, support effective and efficient use of resources.		Substantial	
Confirm expenditure controls support the achievement of value for money; open and transparent decision making and minimise the risk of inappropriate use of funds.		Substantial	
Ensure income collection and recording is complete and accurate, with appropriate allocation of roles and responsibilities.		Substantial	
Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
The Head Teacher should ensure that in developing a new School Development Plan, it makes clear reference to the budgetary implications of the agreed priorities and which budget the necessary funding will be allocated to.	Moderate	12 months	Dec 2019
School Financial Procedures should specify the frequency of budget monitoring as well as recipients, for example monthly to school management and termly for governors.	Moderate	12 months	Dec 2019
An Anti-fraud and Corruption policy should be developed and then approved by Governors.	Moderate	12 months	Dec 2019
The Head Teacher should consider the introduction of a formal Gifts and Hospitality Register for items above an agreed minimum value.	Moderate	12 months	Already in place
A summary of expenditure by individual supplier and analysis to be presented regularly to Governors as part of the budget monitoring process.	Moderate	12 months	April 2019
The Head Teacher should ensure that a formal arrears policy is developed and implemented and ensure parents and governors are fully aware of the requirements in advance of enforcing any debt recovery actions.	Moderate	12 months	Dec 2019

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

## 1. Audit Summary

- 1.1. The 2019/20 Internal Audit plan includes an allocation of time to complete financial health checks at a number of Local Authority maintained Schools. We agreed to include St Peter's Catholic Primary School in our audit programme as the Head Teacher and School Business Manager (SBM) had only recently been appointed and sought an independent assurance over the financial control environment at the School.

## 2. Conclusion and Opinion

- 2.1 We are able to provide **substantial** assurance over the adequacy, application and effectiveness of financial control systems operating at the school. Overall we considered that controls across financial management, income and expenditure controls that had been developed were strong. Whilst there was a projection of budget pressures in future financial years we were satisfied with the effectiveness of the arrangements, for managing, monitoring and challenging the school's financial position, introduced by the Head Teacher and School Business Manager. These arrangements will be crucial in managing the School through a potentially difficult financial period. Consideration should be given to seeking input from the City Council if these pressures cannot be addressed internally and if a deficit budget becomes more certain.
- 2.2 The school is currently planning for a deficit position of £117,000 by 2020/21. Schools Finance team have confirmed that these figures are based on 'worse case' scenario projections and that the School should receive a pension grant, based on number of staff in pension fund, which has not yet been formally confirmed. This funding will provide resources to significantly reduce the current forecast deficit. This is a similar situation for the majority of schools who have not included the pension grant in their figures until it is confirmed formally. In addition this is the first time schools have been asked to produce a three year budget plan.

## 3. Summary of Findings

### Key Areas of Strength and Positive Compliance

- 3.1. The School had recently appointed a new Headteacher and School Business Manager (SBM) who had been tasked with review and implementation of revised financial and operational procedures and this was actively underway. The School also purchased budget support through a service level agreement

providing assistance with both budget setting and budget monitoring information up to, and including, the budget monitoring reports to governors.

- 3.2. Appropriate revised financial processes had been developed should ensure effective financial control and efficient use of resources if implemented as designed.
- 3.3. Expenditure controls had been revised and implemented and the SBM confirmed these will be subject to annual review to ensure they continue to be appropriate and effective.
- 3.4. The School operated a 'cashless' system and had introduced Parent Pay for the collection of dinner monies; school trips and breakfast club. This by design enables more secure control over income.

### **Key Areas for Development**

- 3.5. Further work to strength controls is still needed particularly around ensuring documents and required policies are up to date and subject to annual revision. There is a plan in place to enable this to happen with resources to be prioritised accordingly.
- 3.6. It is essential that all governors are provided with key financial information to enable them to make effective decisions on the school's resources particularly in terms of budget setting and monitoring. Governors do not currently receive a cumulative spending report by supplier which can be produced directly from the School's financial management system (FMS) and is often used by Schools to assure governors over levels of spend with individual suppliers. If this is introduced as recommended it will ensure Governors have the necessary information to support and challenge spend.
- 3.7. The School was trying to introduce a 'cashless' income system but there was still relatively small amounts of cash paid in which were mainly for the School Fund. It is still necessary to monitor income and ensure it is collected in a timely and consistent manner. At the time of the review the School was developing an Arrears Policy should the situation ever arise.

**ES 5 Manchester City Council Internal Audit 2019/20****Corporate Core Directorate****ICT Software Licensing Follow Up Report**

<b>Distribution</b>	
<b>Name</b>	<b>Title</b>
Ian Grant	Interim Director of ICT, Responsible Officer
Carol Culley	Deputy Chief Executive & City Treasurer, Accountable Officer
Steve Terence	Head of PMO and Governance
Councillor Ollerhead	Executive Member
Mary Lynch	Service Delivery Manager
Chris Daniels	Licence Manager
Joanne Roney	Chief Executive
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Karen Murray	External Audit (Mazars)

<b>Report Authors</b>		
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Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	Not applicable
Final Report Issued	11 October 2019

<b>Audit Objective</b>	<b>Overall Implementation Status</b>
To provide assurance over the implementation of audit recommendations agreed in response to the audit of ICT Software Licensing issued in July 2018.	Partially Implemented

**1. Audit Summary**

- 1.1 In July 2018 we undertook a review of the effectiveness of controls in relation to software licensing governance, inventory and discovery, validation, and operational management.

- 1.2 Based on the work undertaken we provided a limited assurance opinion and made five recommendations for improvement, with agreed target dates for implementation of August 2018, December 2018 and April 2019.

Priority	Accepted	Rejected
Critical/Major	2	0
Significant	3	0
Moderate	0	0
Minor	0	0

- 1.3 As part of our routine follow up work we were able to determine that the recommendation agreed for implementation in August 2018 had been fully implemented. In order to provide assurance to the Accountable Officer (Deputy Chief Executive and City Treasurer), SMT and Audit Committee, we undertook a follow up audit to determine the implementation status of the remaining four recommendations and confirm whether the exposure to risk had reduced.
- 1.4 This was not a repeat of the previous testing carried out to provide assurance over ICT software licensing arrangements 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 the recommendations shows that two recommendations are now fully implemented, with a further two being partially implemented. We therefore conclude there is a partial reduction in the overall exposure to risk associated with this area.
- 2.2 The partially implemented and outstanding actions will fall six months overdue at the end of October 2019. At this point, in line with the process agreed with Audit Committee, we would ordinarily escalate these for the attention of the relevant Accountable Officer and Executive Member. However, given the timing of this report, we do not plan to issue a separate escalation letter in this instance.
- 2.3 Should recommendations remain partially implemented or outstanding at the end of January 2020, Audit Committee will request that the Accountable Officer and Executive Member attend in person, to explain the delays and proposed steps to mitigate or accept reported risks.
- 2.4 The original recommendations and current confirmed status are attached at Appendix 1. An explanation of recommendation prioritisation and follow up assurance is attached at Appendix 2.
- 2.5 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.

## Appendix 1: Status Update

### Recommendation 1 (Significant)

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.

#### Internal Audit Assessment:

An ICT Business Concept Document has been completed outlining the requirements in this area and the potential solutions identified. An outline of the potential cost of the work has been identified, which is forecast to be met from the wider capital allocation for ICT improvement, and the project is included in the Corporate Core project portfolio. However, a full business case is yet to be produced and a formal decision on whether to proceed has not yet been taken. As such we consider this recommendation to be partially implemented.

### Recommendation 2 (Major)

In accordance with industry good practice (ISO 19770-1), the Council should implement a SAM policy and ensure that it provides an overarching approach to the acquisition, implementation and disposal of software as well as key compliance requirements.

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.

Furthermore it should state the process for reviewing, approving, issuing, and controlling relevant process and procedural documentation.

#### Internal Audit Assessment:

We were supplied with a copy of this policy, and confirmed that the recommended areas were included in it. We were also able to confirm that the policy had been formally approved by the Interim Director of ICT, and published on the intranet alongside other relevant and related ICT policies. As such we consider this recommendation is now implemented.

### Recommendation 3 (Major)

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 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.

#### Internal Audit Assessment:

As noted above, the software licensing policy has been approved and

published. However, no formal communication of this policy to relevant staff has been undertaken.

The policy includes an appendix detailing the roles and responsibilities of relevant stakeholders in respect of the approval, communication, distribution and enforcement of the policy itself. However, a wider assessment of roles across licence management had not been completed, and capability gaps had not been assessed.

As such we consider this recommendation remains outstanding.

#### **Recommendation 4 (Significant)**

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.

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 licenses and control software spending.

The tools available to the Council should provide the functionality to detect and manage all exceptions to SAM policies, processes, and procedures; including license user 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.

Once reporting is established, regular validation audits should be completed by the SAM team to ensure that the reported position is accurate.

##### **Internal Audit Assessment:**

The formal commissioning of a licence management tool was being explored as part of the preparation of the business case identified in recommendation 1 above.

However, given that this business case had yet to be formally considered, the Licence Manager was exploring how better use could be made of existing data sets. He had built a basic spreadsheet-based tool to support the identification of significant discrepancies in licence management. However, this tool required further work to confirm the reliability of associated information and to develop expectations around its use.

As such we consider this recommendation is partially implemented.

#### **Recommendation 5 (Significant)**

The Council should ensure that the remediation actions to address the SAP non-compliance are implemented as a matter of priority.

##### **Internal Audit Assessment:**

The recommendation related to a historical issue highlighted by SAP in relation to evidence supporting the extent of compliance. ICT have made efforts to improve the depth of information available to them, and taken steps to address factors that could affect compliance levels on an individual basis.

In addition, an external expert was commissioned to advise the Council on its position with respect to SAP licensing compliance. The conclusion of this review was that the Council could usefully take steps to reduce the level of licenses held.

The detail of this review is being taken forward by ICT but sufficient actions have been taken to actively manage the risk of challenge by the supplier. As such we consider this recommendation is now implemented.



**ES 6 Internal Audit Report: 2019 / 20****Corporate Core: Core Financial Systems****Treasury Management: Compliance****Distribution**

<b>Name</b>	<b>Title</b>
Karen Gilfoy	Chief Accountant, Financial Management Responsible Officer
Carol Culley	Deputy Chief Executive and City Treasurer Accountable Officer
Tim Seagrave	Group Finance Lead
David Williams	Treasury Manager
Matus Majer	Deputy Treasury Manager
Joanne Roney	Chief Executive
Fiona Ledden	City Solicitor
Janice Gotts	Deputy City Treasurer
Karen Murray	External Auditor (Mazars)
Councillor Ollerhead	Executive Member

**Report Authors**

Auditor	Michael Ennis	35291
Lead Auditor	Kate Walter	35292
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	5 July 2019
Final Report Issued	30 July 2019

**Executive Summary**

<b>Audit Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To give assurance over the extent of compliance with established procedures for Treasury Management.	Substantial	Medium

<b>System / Risk Objectives</b>	<b>Assurance</b>
---------------------------------	------------------

Cash-flow forecasting	Substantial
Investments	Substantial
Borrowing	Substantial
Call Account Deposits	Substantial

Key Actions – See Appendix 1 Summary of any critical, significant or reasonable risk issues reported	Risk	Priority	Planned Action Date
None	N/A	N/A	N/A

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

## 1. Audit Summary

- 1.1 The Council's Internal Audit Strategy includes the provision of assurance over a range of core financial systems. This provides proportionate, independent, ongoing assurance to officers, Members and key stakeholders that controls in these core systems are appropriately designed and are operating as intended. The Treasury Management service is responsible for the financial management of funding and debt of over £1 billion pounds and we therefore agreed with managers to carry out a review of compliance with existing controls in this area. Based on our testing of a sample of transactions in key areas of the business, we concluded that there are proportionate controls in place surrounding the Treasury Management service and they are applied consistently.

## 2. Conclusion and Opinion

- 2.1. Our work included sample testing of the following processes: the cash-flow which is used to inform daily investment decisions; the investments made being in accordance with the approved strategy; as well as call back borrowing and deposits from specified bank accounts. Our sample testing did not identify any areas of non-compliance with established procedure and we were satisfied that controls were operating effectively.
- 2.2. On the basis of our review, we are able to provide a **substantial** assurance opinion on the administration of the Treasury Management system. It should be noted that as of April 2019 the Internal Audit assurance rating framework has been amended and now substantial assurance is the highest level of rating that can be achieved.

### 3. Summary of Findings

#### **Key Areas of Strength and Positive Compliance**

- 3.1. Our review of the Treasury Management cash-flow records confirmed that the live document was assessed twice a day (morning and afternoon) and that action was taken when necessary to ensure that the main bank account was maintained within the parameters of a pre-arranged balance. To test this we selected 20 days from the 2018 / 2019 cash-flow records. For each of the 20 days we confirmed that there was a morning and afternoon assessment of funds, with a record of the subsequent decisions taken being retained. These decisions ranged from investing funds, depositing funds or calling back funds to balance the account, or deciding to take no action.
- 3.2. When the cash-flow identified a surplus amount of funds, this amount was invested for a period until it is required. Our testing of ten 2018 / 2019 investments confirmed that evidence was retained demonstrating that each transaction was prepared, approved and authorised by appropriate officers. We also confirmed that investments were made with institutions that complied with the approved Strategy.
- 3.3. The Treasury Management Team had access to several other accounts which are utilised in the management of the main bank account. These call accounts provided the facility to borrow or invest (deposit) funds at short notice to maintain the pre-agreed balance on the main account. We tested ten investments (deposits) and ten borrowing transactions between the main account and the call accounts. Our testing confirmed that all of the necessary documents were appropriately prepared, approved and authorised for each transaction.

#### **Key Areas for Development**

- 3.4. We did not identify any areas for development, however, we were advised by the Deputy Treasury Manager that there was no guidance material available for the four major functions that comprise the team's service. The Group Finance Lead advised that he intended to produce documents following the novation of the Greater Manchester Housing Investment Fund to the Greater Manchester Combined Authority by the end of 2019. Given that the team complies with MIFID II legislation relating to having suitably qualified and experienced officers in key roles, we agree that this timeframe should not present any significant risks to service delivery.

**ES 7 Internal Audit Report 2019 / 20****Neighbourhoods****Neighbourhood Investment Fund (NIF)****Distribution**

<b>Name</b>	<b>Title</b>
Fiona Worrall	Strategic Director Neighbourhoods, Accountable Officer
Andy Wilson	Strategic Lead Neighbourhood/City Centre, Responsible Officer
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Janice Gotts	Deputy City Treasurer
Councillor Akbar	Executive Member
Karen Murray	External Auditor (Mazars)

**Report Authors**

Lead Auditor	Kate Walter	35292
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	5 August 2019
Final Report Issued	2 September 2019

<b>Audit Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To provide assurance that there is a robust process in place to process applications and ensure money awarded is spent as intended and delivers the outcomes anticipated	Reasonable	Low

<b>System / Risk Objectives</b>	<b>Assurance</b>
Defined Process	Reasonable
Record Keeping and Communication	Reasonable

Payment Process			Substantial
Monitoring Process			Limited
Management Information			Reasonable
Key Actions	Risk	Priority	Planned Action Date
NIF funding should only be spent where there has been an application from a community group. Team leaders should not approve payment at the request of Members where there is no community group application in support of the payment.	Significant	6 months	30/09/2019
Guidance should be updated to include agreed timescales for monitoring NIF grants and details of checks to be undertaken; management should ensure this is completed.	Significant	6 months	31/12/2019

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

## 1 Audit Summary

1.1 The Neighbourhood Investment Fund (NIF) makes £640,000 available for all of the 32 wards (£20,000 per ward) each year. The wards fall into either the North, South or Central area of the City. There is a maximum of £10,000 per application to fund Community Groups to carry out activities that benefit people in their local neighbourhood. To be successful, planned activity must be in line with the defined eligibility criteria.

1.2 We selected a sample of 45 applications in 2018/19 (six of which were refusals) from across each of the three areas (North, South and Central) to ensure the following key requirements were met:-

- Ward Councillors had been consulted on the application.
- Payment was made into a community bank account.
- The application was in line with NIF eligibility and ward priorities.
- Timely monitoring had been carried out.
- Receipts to support expenditure had been submitted

- Any unspent grant money had been reclaimed.

## **2 Conclusion and Opinion**

- 2.1 Overall we provided reasonable assurance over the Neighbourhood Investment Fund scheme for assessing and awarding grants. The basis for our opinion is that there is a well-defined approach to the award of grants, applications examined were mainly in line with the guidance and approval/rejection had been sought from Members. Where applications had been rejected the rationale was considered to be reasonable.
- 2.2 There were some areas where governance and control could be strengthened and we found a few anomalies within our sample where the process had not been applied as intended; due to differences in local ward approach. In particular there were some gaps in the audit trail supporting the decision to award grants and there were some inconsistencies in the timeliness of monitoring. We found a number of NIF grants were awarded to community groups who had previously had funding. This limits the funding available to new Community Groups, and in those cases there was limited evidence that alternative funding streams to encourage sustainability were being sought.
- 2.3 We made two significant recommendations. The first was to ensure that a NIF grant should only be approved following an application from a community group. The second was around updating the guidance in support of NIF and needing to define timescales for monitoring grants and checks to be completed. Management agreed to address both of these recommendations with acceptable timescales.

**ES 8 Internal Audit Report 2019 / 20****Neighbourhoods and Growth and Development****Highways - Greater Manchester Road Activity Permit Scheme (GMRAPS)**

<b>Distribution</b>	
<b>Name</b>	<b>Title</b>
Steve Robinson	Director of Highways, Accountable Officer
Kevin Gilham	Head of Citywide Highways, Responsible Officer
Clare Lunn	Highways Manager (Inspection)
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Janice Gotts	Deputy City Treasurer
Councillor Stogia	Executive Member
Karen Murray	External Auditor (Mazars)

<b>Report Authors</b>		
Auditor	Bethan Booth	36697
Lead Auditor	Warren Siddall	35224
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	3 October 2019
Final Report Issued	15 October 2019

<b>Audit Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To provide assurance over processing of GMRAP's for the Council.	Reasonable	Medium

<b>System /Risk Objectives</b>	<b>Assurance</b>
Permits are issued for all work completed.	Reasonable
Penalties are levied and enforced for failure to apply or breaches of permit conditions.	Reasonable

Reinstatement work is undertaken to an expected standards.	Reasonable
Appropriate action is taken when works are assessed as inadequate.	Reasonable
Highways works are coordinated to minimise avoidable costs and disruption.	Limited

Key Actions	Risk	Priority	Planned Action Date
Ensure permits are in place and updated timely for all in house works.	Significant	Within 6 months	31 January 2020.

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

## 1. Audit Summary

- 1.1. The Traffic Management Permit Schemes (England) Regulations 2007 and Part 3 of the Traffic Management Act 2004 provide Highway Authorities with the powers to introduce permit schemes to manage road works on the public highway. Transport for Greater Manchester (TfGM) have set up a joint permit system for the ten Councils within Greater Manchester. They administer the scheme and validate applications on behalf of each authority before forwarding the application to the relevant authority for approval.
- 1.2. The Council and TfGM each receive a proportion of the income from permit application fees to offset the costs of delivering the service. In 2018/19 Manchester City Council issued 11,995 permits to utilities companies and 2,736 permits for in house works. In house works are undertaken by or on behalf of Manchester Contracts.
- 1.3. The Council received £601K from permits issued in 2018/19 (after a deduction of £146K had been made by TfGM for the administration of the scheme).
- 1.4. We selected a sample of permits issued tested these to ensure that:
  - Conditions applied to permits had been adhered too.
  - Fines were issued for non-adherence to permit conditions.
  - Reinstatement works were as per the permit conditions.
  - Appropriate action had been undertaken when works were assessed as inadequate.



- Works across utilities and the in house team had been co-ordinated to ensure minimum disruption to road users.

## **2. Conclusion and Opinion**

- 2.1. Overall we can provide reasonable assurance over the GMRAPS permitting process. There is a robust process in place to identify any breach of permit conditions and there is clear guidance in place for the issuance of fines including values and timescales.
- 2.2. The permit process for in house works needs to be improved as currently only about 60% have a permit applied and this should be 100%. We note that management have been focusing on improving permitting levels in recent years and the number of permits issued has increased from 2,466 in 2015/16 to 5,649 in 2018/19.
- 2.3. We suggest clarity is sought and guidance amended accordingly on charging for permits and any subsequent fines relating to Network Rail and TfGM for breaches of permit conditions and failed reinstatements.
- 2.4. There is a robust inspection process for works undertaken by utility companies and we found that circa 3,000 inspections had been carried out on works with an average pass rate in excess of 92.4%. We consider the risk that highway work is undertaken without the necessary permit being issued is low for utility companies.
- 2.5. Clarification around collection of fines and debt recovery procedures should be sought to ensure that all fines are collected and or pursued.

**ES 9 Manchester City Council Internal Audit 2019/20****Corporate Core: Corporate Services Directorate****Contractor Whistleblowing Arrangements Follow Up Report****Distribution**

<b>Name</b>	<b>Title</b>
Peter Schofield	Head of Integrated Commissioning and Procurement, Responsible Officer
Janice Gotts	Deputy City Treasurer, Accountable Officer
Councillor Ollerhead	Executive Member
Jacqui Dennis	Deputy City Solicitor
Mark Leaver	Strategic Lead, Integrated Commissioning
Paul Murphy	Group Manager, Procurement
Karen Lock	Procurement Manager Level II
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Karen Murray	External Audit (Mazars)

**Report Authors**

Senior Auditor	Jess Jordan	36842
Interim Lead Auditor	Clare Roper	35264
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	Not applicable
Final Report Issued	18 July 2019

<b>Audit Objective</b>	<b>Overall Implementation Status</b>
To provide assurance over the implementation of audit recommendations agreed in response to the audit of Contractor Whistleblowing Arrangements issued in September 2018.	Implemented

**1. Audit Summary**

- 1.1 In September 2018 we undertook a review of the whistleblowing arrangements in contracts to provide assurance over the processes in place for ensuring the Council's contractual suppliers had whistleblowing arrangements in place.
- 1.2 Based on the work undertaken we provided a limited assurance opinion and made two recommendations for improvement with agreed target dates for implementation of December 2018.

Priority	Accepted	Rejected
Critical	0	0
Significant	2	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 contractor whistleblowing arrangements 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 recommendations shows that both recommendations have now been implemented we therefore conclude there is a reduction in the overall exposure to risk associated with this area.
- 2.2 The original recommendations and current confirmed status are attached at appendix 1.
- 2.3 The explanation of recommendation prioritisation and follow up assurance is attached at appendix 2.
- 2.4 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.

**ES 10 Manchester City Council Internal Audit Report 2019/20****Corporate Core – Integrated Commissioning and Procurement****Follow Up Audit: Taxi Framework TC067****Distribution**

<b>Name</b>	<b>Title</b>
Peter Schofield	Head of Integrated Commissioning and Procurement, Responsible Officer
Janice Gotts	Deputy City Treasurer, Accountable Officer
Councillor Ollerhead	Executive Member
Paul Murphy	Group Manager Corporate Procurement
Mike Worsley	Procurement Manager
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Karen Murray	External Audit (Mazars)

**Report Authors**

Senior Auditor	Jessica Jordan	36842
Interim Lead Auditor	Clare Roper	35264
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	Not Applicable
Final Report Issued	26 September 2019

<b>Audit Objective</b>	<b>Overall Implementation Status</b>
To provide assurance over the implementation of audit recommendations agreed in response to the audit of Taxi Framework TC067 issued December 2018.	Implemented

**1. Audit Summary**

- 1.1 In December 2018 Internal Audit undertook an audit/assurance review of Taxi Framework TC067 to provide assurance over the governance arrangements in place for this framework agreement.

- 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 2019 and June 2019.

Priority	Accepted	Rejected
Critical	0	0
Significant	3	0
Moderate	2	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 operation of the taxi 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 recommendations have now been implemented. As a result we therefore conclude there is a reduction in the overall exposure to risk in this area.
- 2.2 The original recommendations and current confirmed status are attached at appendix 1.
- 2.3 The explanation of recommendation prioritisation and follow up assurance is attached at appendix 2.
- 2.4 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.

**ES 11 Internal Audit Report 2019/20****Corporate Services – Integrated Commissioning and Procurement****Compliance with Public Contract Regulations 2015****Distribution**

<b>Name</b>	<b>Title</b>
Janice Gotts	Deputy City Treasurer, Accountable Officer
Peter Schofield	Head of Integrated Commissioning and Procurement, Responsible Officer
Paul Murphy	Group Manager Corporate Procurement
Karen Lock	Procurement Manager Level II
Councillor Ollerhead	Executive Member
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Karen Murray	External Audit (Mazars)

**Report Authors**

Auditor	Jessica Jordan	36842
Lead	Clare Roper	35264
Audit Manager	Kathryn Fyfe	35271

Draft Report Issued	23 July 2019
Final Report Issued	02 September 2019

**Executive Summary**

<b>Audit Objective</b>	<b>Assurance Opinion</b>	<b>Business Impact</b>
To provide assurance over the arrangements in place to ensure the Council complies with the Public Contracts Regulations (PCR) 2015.	Reasonable	Medium

<b>System /Risk Objectives</b>	<b>Assurance</b>
Tender processes are compliant with PCR 2015	Reasonable

Reporting and publication requirements within PCR 2015 are complied with.	Limited
Contract Terms are in line with PCR 2015	Reasonable

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Ensure that the Chest is updated to reflect the current status of all procurements and includes the contract report.	Significant	6 months	31 January 2020
Ensure compliance with the notification timelines stated within the regulations.	Significant	6 months	31 January 2020

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

## 1. Audit Summary

- 1.1. The Public Contract Regulations 2015 came into force in February 2015 with full implementation of the regulations by October 2018. Where Regulations are breached the contracting authority may be subject to fines and the courts can deem the contract “ineffective”, resulting in the procurement needing to be rerun causing financial losses, delays and reputational damage to the Council. Given these risks we agreed to provide assurance over the Council’s arrangements for ensuring compliance with the Regulations.

## 2. Conclusion and Opinion

- 2.1. We can provide a **reasonable** level of assurance over the arrangements in place to ensure compliance with the Public Contract Regulations 2015. From our testing we were able to confirm that the majority of procurements tested complied with the Regulations. We did however identify a small number of activities where reporting timelines had not been met and one occasion where an award letter had been sent before the end of the standstill period, which is set at 10 days following contract award.
- 2.2. The key issue we noted was limited compliance with prescribed timelines and ensuring that steps were completed without unnecessary delay once an award decision had been made. We acknowledge that this is only a small part of the regulations and that there can be bottlenecks of activity for the Procurement Team which places pressure on resources however improvements are needed

to ensure that steps required by the Regulations are completed within the required timelines to minimise risk of challenge.

### **3. Summary of Findings**

- 3.1. We reviewed 44 procurement activities that had been completed through the Chest (made up of 56 lots) and found that the majority of procurement activities reviewed were in line with the Public Contract Regulations 2015, there were however some areas where the Council was not fully compliant with the regulations which are explained in further detail below.
- 3.2. We reviewed directorate contract registers and spend data from SAP to identify any procurements which had not gone through the Chest system. From this we did not identify any procurements that were above the threshold to which the Public Contract Regulations 2015 would apply. Our testing therefore focused only on procurements which had gone through the Chest.

#### **Key Areas of Strength and Positive Compliance**

- 3.3. Timelines for the submission of tender documents were generally in line with the Regulations for all but one case when the submission deadline fell just short of the required period (27 days as opposed to the required 30). This was due to human error. These periods are set to ensure that suppliers have time to review the opportunity presented, ask any questions that they may have and prepare.
- 3.4. Where a standstill period was instigated this was found to be set for the correct length of time in the majority of cases, although we identified one activity consisting of four lots, where the award letters had been sent before the end of the standstill period set (letters sent 7 days into the standstill period, again due to human error). Standstill periods are imposed by the Regulations in order to allow those who have been unsuccessful in the tender to raise any objections that they may have over the process and have these resolved prior to the contract being formally awarded.

#### **Key Areas for Development**


- 3.5. The Chest was not being updated consistently for the final stages of the procurement activities which resulted in gaps in the detail available on the system in relation to particular procurement exercises. This was most evident where an activity had been suspended or discontinued and recording the reasons for this.
- 3.6. We identified three activities where further information was needed from the Procurement Team to identify the current status, including one activity where the Procurement Team were unclear if the procurement had been formally discontinued or taken forward by the service area. In addition there were a further three instances where contract reports had not been uploaded to the system. We confirmed that this should be undertaken by officers within Corporate Procurement though issues with workload bottlenecks mean that these actions are not always undertaken promptly.



- 3.7. It should be noted that as long as the contract report/ document detailing the discontinuation of activity is in existence uploading these to the system is not necessary to ensure compliance with the regulations. However, uploading of the reports is good practice and helps to ensure that evidence of compliance can be easily located if needed in the future. Of the three contract reports that were not uploaded we were able to see copies of two, the third related to activity for the NHS Clinical Commissioning Group and as such they would hold the report in compliance with their procurement processes (though we would still recommend that a copy be uploaded to the Chest as we had carried out the procurement), as such we were not concerned that this presented a lack of compliance with the regulations.
- 3.8. A number of activities were identified where the OJEU Award Notices had not been published within 30 days of the award as required by the Regulations. In six cases notification took between 79 and 262 days and a further two had not yet been processed despite contracts having been awarded more than 180 days earlier. We were informed that resource issues at the time of award had been a factor in this.
- 2.6 One procurement activity was identified which had been undertaken as a non OJEU procurement as the indicative tender value was initially considered to fall under the threshold. However following the tender we confirmed that the cost of the contract was above the procurement thresholds. This activity had not been carried out in compliance with the Regulations due to the increase in value of the contract, however it was carried out in compliance with Council rules which follow the principles of the EU procurement.

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**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"><li>• Impact on corporate governance</li><li>• Life threatening / multiple serious injuries or prolonged work place stress</li><li>• Severe impact on service delivery</li><li>• National political or media scrutiny</li><li>• Possible criminal or civil action</li><li>• Failure of major projects</li><li>• SMT required to intervene.</li><li>• Statutory intervention triggered.</li><li>• Large (25%) impact on costs/income</li><li>• Impact on the whole Council.</li></ul>		<ul style="list-style-type: none"><li>• Some impact on service governance</li><li>• Some risk of minor injuries or workplace stress</li><li>• Impact on service efficiency</li><li>• Internal or localised external scrutiny</li><li>• Procedural non compliance</li><li>• Impact on service projects</li><li>• Handled within Service</li><li>• No external regulator implications</li><li>• Cost impact managed at Service level</li><li>• Impact on Service or Team</li></ul>	
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 - 12 November 2019

**Subject:** Outstanding Audit Recommendations

**Report of:** Deputy Chief Executive and City Treasurer / 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 234 3506  
E-mail [carol.culley@manchester.gov.uk](mailto:carol.culley@manchester.gov.uk)

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

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

- Outstanding Audit Recommendations Report to Audit Committee 30 July 2019
- Adult Social Care Improvement Programme Report to Audit Committee 15 October 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 shared with Strategic Management Team, Executive Members and Audit Committee to enable oversight of progress to address exposure to risk. From 2019/20 there are four categories of recommendation priority: critical, significant, moderate and minor assigned based on risk. High priority are those recommendations classified by Internal Audit as critical or significant and deadlines for action are agreed with the business at the time of the audit.
- 1.3 This report provides the details of progress to address outstanding recommendations in the High Priority categories.
- 1.4 This report focuses solely on Internal Audit recommendations as there are currently no High Priority External Audit recommendations currently outstanding. Two Medium Priority recommendations were raised in the External Audit Completion Report in July 2019 and Internal Audit will follow these up with management to confirm actions have been taken and provide an update to the External Auditor as part of the interim audit in January 2019. These related to IT access privileged access users and registers of interest. We are aware that actions are underway to address these recommendations.

## **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 implementation to enable an assessment of sufficiency of actions taken. Internal Audit considers this evidence and may choose to re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively.
- 2.2 Progress made in the implementation of agreed actions from audit reports is reported quarterly to Directorate Management Teams (DMTs), Strategic Management Team (SMT), and Audit Committee. 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 formal update in July 2019 Internal Audit has confirmed that there has been action completed to address seven high priority recommendations in seven audits which have been implemented as follows:
- Multi Links Commissioning Review – Advice and Guidance (1)
  - Factory Financial Reporting (1)
  - Off Rolling Arrangements (1)
  - Prevention and Detection of Procurement Fraud – Use of System Data (1)
  - ICT Software Licensing (1)
  - Penalty Notices (1)
  - Homecare Services Contract Management (1)

#### **Outstanding Recommendations**

- 3.3 There are currently a total of 31 recommendations in ten audit reports which overdue past the agreed implementation dates and are being monitored:
- Seven recommendations which have been outstanding over nine months.
  - Two recommendations which are six to nine months overdue.
  - 22 recommendations which are between one and six months overdue.
- 3.4 The 31 recommendations comprise actions that remain fully outstanding (24) or have been classed as partially implemented (7). All of the recommendations outstanding over 9 months are in progress and an update is provided below.
- 3.5 Implementation progress is not as positive as last reported in July 2019. There was a peak of recommendations outstanding in February 2019 (33) and a significant decrease in the last period in those recommendations up to six months overdue but this has risen again. The increase in recommendations outstanding over nine months in this period relates to the Adults Services actions noted above and explained further below.
- 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)**

- Disability Supported accommodation Services (2 recommendations outstanding)
  - Transition to Adults (3 recommendations, 2 of which partially implemented)
  - Children Missing from Home (1 recommendation outstanding)
  - Purchase Cards (1 partial implemented recommendation)
- 3.7 A follow up audit for disability supported accommodation services quality assurance framework was undertaken and concluded that the recommendations remain outstanding. While the workshop proposed had been held to develop and agree the audit tool and the new moderation process there is still work to do in embedding this and demonstrating consistency of approach before the recommendation can be confirmed as implemented. The audit report on this is appended to the Internal Audit Assurance Report 2019/20 for presentation to Audit Committee on 12 November.
- 3.8 Transitions is an area of focus in the Adults Improvement Plan and is considered a high priority. As reported to Audit Committee in previous reports there is still work to do before the risks have been addressed and recommendations are now 14 months overdue. 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 Executive Director of Adult Social Services and Executive Member, Adults Health and Wellbeing 15 October 2019.
- 3.9 Children Missing from Home (CME) audit has one outstanding recommendation over nine months relating to the development of a suite of measures to inform management monitoring and review. This is a complex area and there is now a GM wide dashboard in place which includes Child Sexual Exploitation and Child Criminal Exploitation and one CME indicator. As this is a broad high level CME measure there remains a need to develop appropriate operational performance indicators to implement this recommendation. Management have confirmed this is planned for completion in November 2019 and will be reassessed at that stage to enable the recommendation to be confirmed as implemented. If actions are not addressed at this stage then the Director and Executive Member will be advised to attend the January 2020 Audit Committee to update on steps required to manage this risk.
- 3.10 A recommendation for purchase cards has been partially implemented and is now 10 months overdue. This recommendation related to the need to clarify guidance and expectations in respect of provision of gifts and hospitality. The requested guidance has been considered against the requirements of Section 27 of the Localism Act 2011, and against the “lessons learned” from a Westminster City Council Standards Committee report, which advised that



guidance should have status of a clear code and as such should be included in both Member and Employee Codes of Conduct. The Member Code is currently under review and this will be included as part of this revision. Similarly, the Employee Code is also due to be reviewed and again this will be incorporated but this will only be completed by March 2020 as part of a wider review of the Codes. In the short term, amendments to the Purchase Card guidance have included the requirement for hospitality to be signed off by the Strategic Director prior to provision, which should reduce the risks regarding hospitality paid for via purchase cards. The City Solicitor will attend Audit Committee to confirm the current position on these actions and steps planned for completion.

### **Overdue for 6 – 9 months (Appendix 3)**

- 3.11 Two recommendations have been overdue for between six and nine months in one audit report. If these recommendations are not implemented within the next three months an update will be provided by the Strategic Director as proposed in paragraph 3.9 above:
- Children Missing from Home (2 recommendations outstanding)

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

- 3.12 22 recommendations have been overdue for between one and six months in five audit reports. Some of these reports also include additional recommendations which have not yet fallen due and/or moderate risk recommendations and all have agreed action plans. Internal Audit will continue to monitor these as part of an active programme of review and as part of scheduled follow up audits. The recommendations are all shown in appendix four and relate to the following:
- ICT Software Licensing (3 of which 2 partially implemented)
  - Mental Health Casework (4 recommendations )
  - Our Manchester Voluntary and Community Grants Monitoring (1 recommendation)
  - Assessed and Supported Year in Employment (3 recommendations of which 1 partially implemented)
  - Adults Services Management Oversight and Supervisions (2 recommendations)
  - Management Oversight and Supervisions: Children's Services (9 recommendations)

## **4.0 Recommendations**

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

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## Appendix 1 – Implemented Recommendations

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Multi Links Commissioning Review – Advice and Guidance  22 August 2018	31 Dec 2018	<p>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 key elements described below:</p> <p>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.</p> <p>The difference between short break and multi-link care provision should be clearly defined and communicated to relevant officers.</p>	<p>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 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 covering the multi link service were issued to providers in July 2019. We are satisfied that this recommendation is now implemented.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	<b>No further action required.</b>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>Factory Project: Financial Reporting</p> <p>30 January 2019</p>	28 February 2019	<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>Once agreed by Board members this process should be utilized immediately for all future finance reports.</p>	The Senior Responsible Officer (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>A process is now in place to reconcile all figures prior to board reporting to ensure that the correct figures are being reported. The SRO has also received a full break down of the errors previously identified and the reasons for these.. We were also informed that provisions are now in place to ensure future reporting is correct.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	<b>No further action required.</b>
<p>Off Rolling Arrangements</p> <p>6 June 2019</p>	28 June 2019	<p>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 Children Missing from Education (CME) team spreadsheets and any anomalies investigated.</p> <p>The timing and extent of the checks including whether the data is checked in its entirety or</p>	<p>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.</p> <p>The CME team are to alert the Head of Access when there has been no or limited off rolling forms from any particular school.</p>	<p>Schools were informed via a recent circular that the CME team will now provide the School Attendance Team with details of the numbers of requests received from schools to remove pupils from their registers. For those with little or no off rolling forms returned the lead for the Attendance team will match the data provided by the CME team to their attendance data and report any anomalies. We also confirmed that a process has been introduced to identify any schools submitting a small or zero amount off rolling forms to the Local Authority in any given term. Identified schools will receive a phone call from the CME</p>	<b>No further action required.</b>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		whether on a sample basis should then be determined.		<p>team lead to double check the data and challenge/escalate to the senior officer responsible for CME where needed. We have seen the spreadsheets set up for this purpose to allow for tracking where required.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	
<p>Prevention and Detection of Procurement Fraud – Use of System Data</p> <p>6 June 2019</p>	31 December 2019	<p>The Head of Integrated Commissioning and Procurement should consider amending the template contract report to include:</p> <ul style="list-style-type: none"> <li>• Whether the activity has previously been tendered and discontinued and any reasoning behind this.</li> <li>• The method of procurement used (including the use of multiple procurement stages).</li> <li>• Where a single bidder is received an outline of how value for money has been confirmed and where this is the incumbent the length of time they have been the supplier</li> <li>• Any key reasons why other suppliers have opted out.</li> <li>• Any non standard issues which may have affected the procurement e.g. the acceptance of late bids or</li> </ul>	We will review the contract report template to determine how best to incorporate the information identified.	<p>The contract report template was reviewed by Corporate Procurement colleagues and other ways of capturing the information have been considered where not thought appropriate to change the report. All discontinued tender processes are subject to a formal report explaining the reasons behind the discontinuation. We reviewed a sample of recent reports and confirmed these had been signed off and the Chest updated to reflect this. We therefore consider this recommendation to be implemented.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	<b>No further action required.</b>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		shortened tender response times, and the reasons for the actions taken.			
ICT Software Licensing  24 July 2018	31 Dec 2018	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. 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. Furthermore it should state the process for reviewing, approving, issuing, and controlling relevant process and procedural documentation.	<ul style="list-style-type: none"> <li>• Research current best practice and submit SAM policy as per IA recommendation, including:</li> <li>• approach to the acquisition, implementation and disposal of software;</li> <li>• key compliance requirements;</li> <li>• guidelines/instructions for locally managed software; and process for reviewing, approving, issuing and controlling process and procedural documentation for approval by ICT Direct Leadership Team.</li> </ul>	<p>As part of our dedicated follow up review we were supplied with a copy of this policy, and confirmed that the recommended areas were included in it. We were also able to confirm that the policy had been formally approved by the Interim Director of ICT, and published on the intranet alongside other relevant and related ICT policies.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	<b>No further action required</b>
Penalty Notices	31 January 2019	The Strategic Lead for School Attendance & Education Other Than At School OTAS should ensure that refunds are issued to the 14 identified parents / carers who paid a penalty notice	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:	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	<b>No further action required.</b>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>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 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>1st Level – check date of birth before issue on the ONE system; 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 for non-statutory school age pupils and that adequate checks should be in place.</p>	<p>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 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 with management that refunds should be made. We agreed to request another extract in 2 months' time to confirm no further inappropriate penalty notices had been issued. This report was run on 11 September 2019 to cover all penalty notices issued since the previous report and our review of this confirmed that no further inappropriate penalty notices had been issued.</p> <p><b>Internal Audit opinion:</b> Implemented</p>	

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"> <li>• A clear policy on the levels of upwards and downwards variation that should be reported / investigated.</li> <li>• Clear designation of responsibility for investigating variances and the action that to be taken on overpayments.</li> <li>• How variations are prioritised and a target timeline for investigation based on priority.</li> <li>• An evidence trail of actions taken confirming the approval of any payment for variation to planned care.</li> <li>• Reporting so that management can be assured that investigations and recovery are taking place.</li> </ul>	<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 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.</p>	<p>The service is now fully staffed and focus is being placed on the transition to the new Homecare providers and use of the new IT systems. The process for confirming variances under the new system has been determined and a step by step process note is being drafted to ensure that all Team Managers are clear on the process. Whilst we still consider there to be some risks given the current technical issues with Liquid Logic we are satisfied that the additional resources and changes to the process should reduce the original risk identified during our initial review. As such we now consider the recommendation to be implemented and management should continue to work on ensuring that care plans are up to date to reduce the number of variances reported and to resolve the current interface issues being experienced.</p> <p><b>Internal Audit Opinion:</b> Implemented</p>	<p><b>No further action required.</b></p>



## Appendix 2 – Recommendations Over 9 Months Overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
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 documentation referred to in NICE guidance.	Operational Plan in place for delivering the revised transitions offer in line with the agreed strategy and vision	<p>Joint process design sessions have been completed with Children's Services in September and the transitions Board has agreed a number of key priorities. It is planned that by the end of 2019/20 the process design will focus on ensuring there is clarity of process and pathway for young people between Children's and Adults Services.</p> <p><b>Internal Audit Opinion:</b> Partially implemented</p>	<p><b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services</p> <p><b>Executive Member:</b> Councillor Craig</p> <p><b>Status:</b> 12 months overdue</p> <p><b>Action:</b> Internal Audit will continue to engage with management to review and report on progress.</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 communicated to confirmed key stakeholders including service users.	Transitions Strategy and Vision to be developed	There has been considerable slippage in the implementation of this recommendation and significant management change since the recommendation was agreed. 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 element of the Adults Social Care Improvement Plan.	<p><b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services</p> <p><b>Executive Member:</b> Councillor Craig</p> <p><b>Status:</b> 18 months overdue</p> <p><b>Action:</b> Internal Audit will continue to engage with management to review and report on progress.</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		Advice could be sought from other Local Authorities including the Council's Adults Services improvement partner, and differing approaches considered.		Joint process design sessions have been completed with Children's Services in September and the Transitions Board has agreed a number of key priorities. It is planned that by the end of 2019/20 the process design will focus on ensuring there is clarity of process and pathway for young people between Children's and Adults Services.  <b>Internal Audit Opinion:</b> Partially Implemented	
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 Performance Indicators. This should be defined once the strategy and vision in place.  A long term solution should be considered and built into Liquid Logic to help identify performance trends and provide assurance to senior management.	Key performance Indicators (KPIs) introduced.	Work is on-going. Process design will ensure there is clarity of process and a pathway for young people moving between Children's and Adults services and KPIs will be developed to support and assure these arrangements.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services  <b>Executive Member:</b> Councillor Craig  <b>Status:</b> 16 months overdue  <b>Action:</b> Internal Audit will continue to engage with management to review and report on progress.
Disability Supported Accommodation Services:	31 August 2018	Management should consider which key areas of the Care Act registered managers and support coordinators should provide	I agree with the activity identified within recommendation 1.	A complete register of all citizens, staff and properties was not created as envisaged in the recommendation. Internal Audit	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>Quality Assurance Framework</p> <p>14 February 2018</p>		<p>assurance over for all citizens in their properties. To support this, there will need to be:</p> <ul style="list-style-type: none"> <li>• A register of each citizen, staff member and property which should be monitored centrally to ensure full, timely coverage.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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 arrangements rather than lower level, task specific compliance.</li> </ul>	<p>Register of all details including residents; staff and properties to be sent to PRI.</p>	<p>have now seen the 'House File Tracker' for South Locality which was intended to serve as both the register to track Quality Assurance activity, and also enable monitoring of other key activities such as Deprivation of Liberties in a Domestic Setting applications and Social Worker reviews. An 'audit' tab to record activity has been recently added, but was not yet populated. Once fully populated, it is considered that this will satisfy bullet points one, two and four of the recommendation.</p> <p>There remained no system in place to ensure accountability for actions arising from the audits. To resolve this a tracker to monitor the status of actions has been introduced and will be reviewed and discussed every four weeks at the Senior Leadership meeting. Once in place, this process will satisfy the third bullet point of the recommendation.</p> <p><b>Internal Audit Opinion:</b> Outstanding</p>	<p><b>Executive Member:</b> Councillor Craig</p> <p><b>Status:</b> 14 months overdue</p> <p><b>Action:</b> Follow Up Audit Report September 2019.</p> <p>Internal Audit will continue to engage with management to review and report on progress.</p> <p>Workshop October 2019</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
<p>Disability Supported Accommodation Services: Quality Assurance Framework</p> <p>14 February 2018</p>	<p>31 August 2018</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• A workshop including key partners, support coordinators and registered managers used to inform a revised framework.</li> <li>• 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.</li> </ul> <p>Where assurance is being, or should be, sought from more specialist input such as HR, Health and Safety, Risk and Resilience, Corporate Property, 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>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 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>The follow-up audit confirmed that workshops took place in March 2019 as planned and our review of the revised audit tool and guidance document confirmed that some changes had been made. However, it was not evidence that the risks previously identified have been satisfactorily addressed, in particular:</p> <ul style="list-style-type: none"> <li>• The audit tool for citizens was still broad and generically worded. A sample of completed audits demonstrated that questions were being answered inconsistently and not in line with the guidance, and that actions were not always being raised where standards were not met.</li> <li>• There was still no moderation process in place. From our review of a sample of completed audits, there was still inconsistency and incompleteness in how questions were answered and the depth to which outcomes were recorded. Management have arranged a workshop with all Support Coordinators in October 2019 to develop and agree an audit moderation process. This will also consider the content and wording</li> </ul>	<p><b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services</p> <p><b>Executive Member:</b> Councillor Craig</p> <p><b>Status:</b> 14 months overdue</p> <p><b>Action:</b> Follow Up Audit Report September 2019</p> <p>Internal Audit will continue to engage with management to review and report on progress.</p> <p>Workshop October 2019</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			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.	of the audit tool following our feedback to determine where further improvements can be made.  <b>Internal Audit Opinion:</b> Outstanding	
Children Missing from Home 2 July 2018	31 October 2018	The Strategic Head of Early Help and the Performance Manager (People) should ensure that key performance indicators, as described in the Missing from Home and Care 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.	There is a GM wide dashboard in place however this does not provide the detail required to monitor operational performance with the Council. Further work to establish appropriate key performance indicators has been agreed by the Strategic Head of Early Help by the end of November.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children's Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Twelve months overdue  <b>Action:</b> Internal Audit to review and confirm action to complete this in December 2019.
Purchase Cards  19 September 2018	31 Dec 2018	The City Treasurer should develop guidelines setting out the general principles for providing hospitality to others, including where a Council officer or member also benefits from the expenditure. This should be	The City Solicitor, supported by the City Treasurer, will develop guidance on the provision of hospitality. They will also identify a suitable place within the	Purchase card guidance has been updated to clarify the approval process for hospitality.  To strengthen the response and ensure alignment with best practice the City Solicitor is	<b>Director:</b> Fiona Ledden, City Solicitor and Carol Culley, Deputy Chief Executive & City Treasurer

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		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.	existing guidance framework for this to be published.	<p>developing guidance further part of the employee and member codes of conduct. As this is part of a wider update of the Codes implementation of this recommendation will be by March 2020 and it is proposed that a new implementation target date be set which will enable this work to be carried out and fully address risks noted in the audit..</p> <p><b>Internal Audit Opinion:</b> Partially Implemented</p>	<p><b>Executive Member:</b> Councillor Leese</p> <p><b>Status:</b> Ten months overdue</p> <p><b>Action:</b> City Solicitor to attend Audit Committee to confirm interim actions to date and steps to completion of the full actions proposed..</p>

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

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Children Missing from Home 2 July 2018	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>	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>Implementation has been delayed due in part to Liquid Logic roll-out. The new MFH workflow is now in place in Liquid Logic and new procedures have been developed. However, staff training to ensure understanding of and compliance with new procedures is ongoing.</p> <p><b>Internal Audit Opinion:</b> Outstanding</p>	<p><b>Director:</b> Paul Marshall, Strategic Director of Children's Services</p> <p><b>Executive Member:</b> Councillor Bridges</p> <p><b>Status:</b> Seven months overdue</p> <p><b>Action:</b> Internal Audit to assess progress 30 October</p>
Children Missing from Home 2 July 2018	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 accurate data for reporting purposes should be considered in the new MFH workflow within Liquid Logic, such that the data</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>Strategic Lead Complex Safeguarding has stated that the new MFH workflow in Liquid Logic will rectify the issue of inaccurate Case History data as it will now be in-built and automatic rather than needing to be input retrospectively which was prone to error and omission. A demonstration of the new case system to confirm implementation was agreed.</p> <p><b>Internal Audit Opinion:</b> Outstanding</p>	<p><b>Director:</b> Paul Marshall, Strategic Director of Children's Services</p> <p><b>Executive Member:</b> Councillor Bridges</p> <p><b>Status:</b> Seven months overdue</p> <p><b>Action:</b> Internal Audit to assess progress 30 October</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		is drawn from essential steps rather than from a retrospective step that is not consistently completed.			



## Appendix 4 – Recommendations 1-6 Months Overdue

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"> <li>Carry out a review of roles and Responsibilities within Service Operations to assess the current limitations in terms of software asset management (SAM) skillsets and resource: and</li> <li>Explore other market solutions in conjunction with subject matter experts including Gartner, and present a business case to ICT DLT.</li> </ul>	An ICT Business Concept Document has been completed outlining the requirements in this area and the potential solutions identified. The potential cost of the work has been identified, which is forecast to be met from the wider capital allocation for ICT improvement, and the project is included in the Corporate Core project portfolio. However, a full business case is yet to be produced and a formal decision on whether to proceed has not yet been taken.  <b>Internal Audit Opinion:</b> Partially implemented	<b>Director:</b> Carol Culley, Deputy Chief Executive and City Treasurer  <b>Executive Member:</b> Councillor Ollerhead  <b>Status:</b> Five months overdue  <b>Action:</b> Notification of recommendation overdue status to be issued to Executive Member and Director as part of dedicated follow up audit report, October 2019
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 understanding of the appropriate processes and	Following the work done in Recommendation 1, ICT will be in a position to define roles and responsibilities for software asset management (SAM). Beyond this, ICT will devise (as part of another recommendation arising from this audit) policies and procedures to support Council-wide compliance to a consistent approach to SAM,	The finalised software licensing policy includes an appendix detailing the roles and responsibilities of relevant stakeholders in respect of the approval, communication, distribution and enforcement of the policy itself. However, a wider assessment of roles across licence management had not been completed, and capability gaps had not been assessed.	<b>Director:</b> Carol Culley, Deputy Chief Executive and City Treasurer  <b>Executive Member:</b> Councillor Ollerhead  <b>Status:</b> Five months overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		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.	clearly differentiating between centrally managed licensing and those managed locally within business units.	<b>Internal Audit Opinion:</b> Outstanding	<b>Action:</b> Notification of recommendation overdue status to be issued to Executive Member and Director as part of dedicated follow up audit report, October 2019
ICT Software Licensing  24 July 2018	30 April 2019	<p>The current systems used by ICT to support software asset management (SAM) 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 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</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.</p> <p>If no collaboration opportunities exist, ICT will explore other market solutions and present options to DLT to approve a way forward as part of the business case planned in response to another recommendation arising from this audit.</p>	<p>The commissioning of a licence management tool was being explored as part of the preparation of the business case identified as part of another recommendation arising from this audit. Given that this business case had yet to be formally considered, the Licence Manager was exploring how better use could be made of existing data sets. He had built a basic spreadsheet-based tool to support the identification of significant discrepancies in licence management. However, this tool required further work to confirm the reliability of associated information and to develop expectations around its use.</p>	<p><b>Director:</b> Carol Culley, Deputy Chief Executive and City Treasurer</p> <p><b>Executive Member:</b> Councillor Ollerhead</p> <p><b>Status:</b> Five months overdue</p> <p><b>Action:</b> Notification of recommendation overdue status to be issued to Executive Member and Director as part of dedicated follow up audit report, October 2019</p>

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		<p>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>		<b>Internal Audit Opinion:</b> Partially Implemented	
Mental Health Casework Compliance 5 April 2019	30 June 2019	The Director of Adult Services should seek assurance from the Trust over how the timely and appropriate conclusion of investigations can be better managed and monitored – for example, system workflows to ensure adherence to procedure, and system generated reports of open investigations for which no recent activity has been logged.	Greater Manchester Mental Health Trust (GMMHT) and Council to jointly establish a 'Task & Finish' group to investigate, work to resolve, and report progress back to the Director of Adult Services.	<p>The Trust have reported this action to be completed. Internal Audit have agreed to carry out a walkthrough of the new system and follow-up testing on 18 October to validate this position.</p> <p><b>Internal Audit Opinion:</b> Outstanding</p>	<p><b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services</p> <p><b>Executive Member:</b> Councillor Craig</p> <p><b>Status:</b> Four months overdue</p> <p><b>Action:</b> Monitor</p>
Mental Health Casework Compliance 5 April 2019	30 September 2019	The Director of Adult Services should seek assurance from the Trust on the timeliness of Annual Reviews and the plan to address the backlog of overdue Annual Reviews.	GMMHT and Council have agreed and begun a joint piece of work focussing on outstanding reviews, aiming to reduce the backlog by April 2019. Going forward, a work-	Progress on this action will be confirmed at the scheduled follow-up audit date of 18 October 2019.	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		The Trust's performance reporting on Annual Reviews is addressed below in recommendation 4.2.	stream is providing assurance over annual reviews, with results reported as a quality measure via Quality and Performance. The joint 'Task & Finish' group will pick up any remaining issues. Additionally, the Assistant Director of Adult Services is to form a 'Task & Finish' group focusing on mental health panels, with input from GMMHT.	<b>Internal Audit Opinion:</b> Outstanding	<b>Executive Member:</b> Councillor Craig  <b>Status:</b> One month overdue  <b>Action:</b> Monitor
Mental Health Casework Compliance 5 April 2019	30 September 2019	The Director of Adult Services should ensure that a formal process is agreed and established with the Trust for a monthly reconciliation between safeguarding referrals sent and received. Trust and Council staff should work together to ensure that the new case management systems in each organisation – Paris and Liquid Logic, respectively – consistently record outcomes of safeguarding referrals, so that these can more easily be transferred across systems to ensure completeness of Council records and ability to monitor outcomes.	It is accepted that safeguarding outcomes need to be recorded in MiCare (Liquid Logic in future). Quality and Performance group will consider options to ensure this can be done efficiently and effectively.	The Trust have reported that they have begun the process of defining a reconciliation procedure, but that they were awaiting a report from the Council. Further progress on this action will be confirmed at the scheduled follow-up audit date of 18 October 2019.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services  <b>Executive Member:</b> Councillor Craig  <b>Status:</b> One month overdue  <b>Action:</b> Follow Up Audit

<b>Audit Title</b>	<b>Due Date</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Update/Opinion</b>	<b>Ownership and Actions</b>
Mental Health Casework Compliance 5 April 2019	30 June 2019	The Mental Health Commissioning Manager should undertake a review of performance reporting against the agreed KPIs to ensure that performance is being reported accurately and consistently in line with the Section 75 agreement.	The Quality & Performance group is working on improvements to the current performance reporting arrangements; changes are planned for the new financial year (from April 2019 onwards), including addition of commentary.	An update on progress on this action has been requested.  <b>Internal Audit Opinion:</b> Outstanding	<b>Direct Director:</b> Bernadette Enright, Executive Director of Adult Social Services  <b>Executive Member:</b> Councillor Craig  <b>Status:</b> Four months overdue  <b>Action:</b> Follow Up Audit
Adults Services, management oversight and supervision 5 April 2019	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.	Review the Supervision Policy and how to embed it within the workforce.  Additional Resources Required for implementation: Yes – Support from the Reform and Innovation Team secured.	Internal Audit has 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.  <b>Internal audit opinion:</b> Outstanding	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services  <b>Executive Member:</b> Councillor Craig  <b>Status:</b> Five months overdue  <b>Action:</b> Monitor
Adult Services Management Oversight and Supervision 5 April 2019	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	Audit process to be agreed within the Supervision Task & Finish Group. Process will be embedded into the final Supervision Policy.  Additional Resources Required for implementation:	We have been told that a tracker to monitor the frequency of supervisions has been agreed and that it will be embedded into the supervision document. On receipt of this Internal Audit will review of verify implementation.	<b>Director:</b> Bernadette Enright, Executive Director of Adult Social Services  <b>Executive Member:</b> Councillor Craig

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
		4.1). The results in terms of frequency and quality should be audited, analysed, and reported annually.	Yes – Support from the Reform and Innovation Team secured.	<b>Internal Audit opinion:</b> Outstanding	<b>Status:</b> Five months overdue  <b>Action:</b> Monitor
Our Manchester Voluntary and Community Sector Grants – Monitoring  20 June 2019	30 August 2019	The Programme Lead – Our Manchester Funds should develop minimum expectations for Liaison Officers in relation to frequency and extent of contact made with funded organisations. This could be informed by a risk assessment of the level of support or input required. Once these expectations have been agreed, they should be communicated to Liaison Officers and compliance with these should be monitored.	Liaison Officer role profile, expectations and handover pack to be developed, issued and monitored by Programme Team.	Internal Audit has requested an update on this recommendation.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Carol Culley Deputy Chief Executive and City Treasurer  <b>Executive Member:</b>  <b>Status:</b> One month overdue  <b>Action:</b> Monitor
Assessed and Supported Year in Employment 21 May 2019	30 June 2019	The Workforce Learning and Development Manager should ensure that Social Work Managers are reminded of their role in supporting delivery of the ASYE programme. In particular, SW Managers should be required to provide confirmation to the SW Consultants on the completion of key milestones, including at a minimum the learning agreement, direct observations, and the six- and twelve-month reviews.	A google sheet has been circulated by the Workforce Learning and Development Manager to the North, South and Central Service Leads. Managers with responsibilities for NQSWs can update their records each month over the 12 month programme and progress will be RAG rated. This will allow the SW Consultant to provide additional support to those	We confirmed that a google sheet of all NQSWs on the ASYE programme has been adapted to include the key milestones and had been circulated to all team managers to use to record when key milestones are completed. However, on review it appeared this document was virtually entirely blank, indicating that team managers were not completing it as required. Therefore, while the mechanism for monitoring progress is now in place, data is	<b>Director:</b> Paul Marshall, Strategic Director of Children's Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Four months overdue  <b>Action:</b> Monitor

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
			NQSWs that fall into an amber or red position. The Google sheet will be used to capture all the key milestones of the ASYE programme up to completion by the service.	not being input as required to allow the Social Work Consultant to identify and escalate issues where needed. Further action needs to be taken to ensure that team managers are populating the sheets as required.  <b>Internal Audit Opinion:</b> Partially implemented	
Assessed and Supported Year in Employment 21 May 2019	30 Sept 2019	The Social Work Consultant should ensure that reconciliations of expected income against actual receipts are undertaken regularly (possibly in-line with the quarterly reporting). This may be done by creating additional columns in the tracker and using the notification of payments from Skills for Care to confirm receipt of payment.	Workforce Learning and Development Manager to have greater oversight into the reconciliations and payments from Skills for Care. Monthly review of spreadsheet and viewing payment when available from Skills for Care. *Please note* Skills for Care close for 5 months for online payment so systems will be in place to monitor this and claim when online system is closed from April 2019 – September 2019. Support from finance has been sought who now are in communication with Skills for Care to ensure we are clear on claims received.	The Social Work Consultant said that she was still not receiving detailed remittances and the payment notifications from the Department for Education and Skills for Care are still being received as block payments with no detail to allow for a reconciliation to be performed. A meeting was planned for 9 October 2019 with finance colleagues to determine options to resolve this matter.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children's Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> One month overdue  <b>Action:</b> Monitor

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Assessed and Supported Year in Employment 21 May 2019	30 June 2019	<p>The Social Work (SW) Consultant should produce a report from the tracker every quarter to provide senior management with information on:</p> <ul style="list-style-type: none"> <li>• new starters (first half of funding claimed);</li> <li>• Newly Qualified Social Workers (NQSWs) SWs on track with key milestones and those for whom progress is unknown or delayed for a known reason (e.g. change of manager);</li> <li>• NQSWs suspended from the programme (e.g. due to maternity or sickness absence - these should be supported by manager confirmation and expected return date); and,</li> <li>• NQSWs that have successfully completed their ASYE (second half of funding claimed).</li> </ul>	As discussed above spreadsheets will be circulated with information but a dashboard will be completed with key information identified around, new starters, stages in programme and any challenges.	<p>We have been informed that work on a dashboard is underway and this will be shared with Internal Audit for validation shortly.</p> <p><b>Internal Audit Opinion:</b> Outstanding</p>	<p><b>Director:</b> Paul Marshall, Strategic Director of Children's Services</p> <p><b>Executive Member:</b> Councillor Bridges</p> <p><b>Status:</b> Four months overdue</p> <p><b>Action:</b> Monitor</p>



Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Deputy Director Children’s Services should ensure that action is taken to review and update the Supervisions Policy to ensure it is fit for purpose. This should include assigning responsibility for the review and ongoing maintenance and setting a date for an annual refresh.	The Supervision policy will be reviewed by one of the Heads of Locality.	Management have confirmed that they have completed a review of the policy in August 2019. Internal Audit have asked for a copy of the revised version to confirm implementation.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to see copy of revised policy
Management Oversight and Supervision – Children’s 9 May 2019	30 June 2019	Consideration could be given to a ‘risk based’ approach to case review by targeting those cases that are considered to be high risk or have particular issues for in depth discussion at supervisions	The above review will revise the position on each child being discussed in supervision and if required additional direction will be provided.	Management have confirmed that the review of the policy included a risk approach in terms of dealing with the highest priority cases.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to review copy of policy
Management Oversight and Supervision – Children’s	31 July 2019	The Deputy Director Children’s Services should ensure that all managers who are responsible for completing supervisions	Action to be taken: The model delivered to staff in the ILM5 training will be revisited. This may require	Management have confirmed that planned briefing sessions are scheduled for November 2019.	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
9 May 2019		complete supervision training. Consideration should also be given to making more focussed supervision training available to all staff, potentially as part of the induction process to ensure all staff are aware of the importance of supervisions.	commissioning the training on this model of supervision.	<b>Internal Audit Opinion:</b> Planned briefing sessions to be rolled out in November – partially implemented	<b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Monitor
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Deputy Director Children’s Services should ensure that there is greater clarity over requirements to record performance and professional standards feedback consistently. We propose that this could be addressed when the Supervisions Policy is reviewed and built into strengthening the supervision template and the mechanism for tracking development actions.	The supervision template will be reviewed as part of the review of the supervision policy.	Management have confirmed that they have developed an ongoing programme of supervision training for new staff and refresher training for existing staff  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to review evidence
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Deputy Director Children’s Services should ensure that the policy is clear on requirements for supervision agreements and record retention.	The supervision template will be reviewed as part of the review of the supervision policy.	Management have confirmed that they have included a template as an appendix in the revised policy  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
					<b>Action:</b> Internal Audit to review template
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Locality Heads of Service should remind all staff of the importance of completing supervisions on a timely basis and emphasis that they should only be postponed in exceptional circumstances such as staff sickness or holiday and should be rearranged promptly.	The briefings that support the implementation of the revised policy will focus on timely completion of supervision.	Management have confirmed that they have included reference to ensuring comprehensive compliance in the revised policy.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to review policy on receipt.
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	In the case of staff vacancies the Team managers at each Locality should allocate an interim supervisor to fill the resource gap and ensure supervisions are done.	This to be completed in guidance.	Management confirmed that they have developed a revised contingency process that will be implemented in November 2019.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to consider evidence of implementation on receipt.

Audit Title	Due Date	Recommendation	Management Response	Update/Opinion	Ownership and Actions
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Deputy Director, Children’s Services should ensure that Locality Heads of Service complete file audits in conjunction with the requirements of the policy.	To be included within guidance.	Management confirmed that they will reintroduce the file audit process from November 2019.  <b>Internal Audit Opinion:</b> Outstanding	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to consider evidence of implementation of the file audit process.
Management Oversight and Supervision – Children’s 9 May 2019	31 July 2019	The Deputy Director Children’s Services should ensure that arrangements are developed to monitor completion of supervisions in accordance with the supervisions policy. This could be achieved by developing the current monthly report for supervisions to include a clear indication as to where there are clear gaps in timeliness of supervisions both for individual social workers and also for teams/ localities.	Revision of current Google sheet.	Management have confirmed that the service has introduced a google form to enable monitoring and overview of completion of monthly supervisions.  <b>Internal Audit Opinion:</b> Outstanding.	<b>Director:</b> Paul Marshall, Strategic Director of Children’s Services  <b>Executive Member:</b> Councillor Bridges  <b>Status:</b> Three months overdue  <b>Action:</b> Internal Audit to assess progress to implementation.

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

**Report to:** Audit Committee – 12 November 2019

**Report of:** Deputy Chief Executive and City Treasurer

**Subject:** 2019/20 Annual Governance Statement (AGS) –  
Summary of Progress to Date

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### **Summary**

This report sets out a brief summary of the progress that has been made to date in implementing the governance recommendations from the 2018/19 Annual Governance Statement (AGS). It also outlines the next steps in the process of producing the Annual Governance Statement 2019/20.

### **Recommendations**

Audit Committee is asked to note and comment on the progress made to date to implement the governance improvement recommendations from the 2018/19 Annual Governance Statement.

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## 1. Introduction and Context

- 1.1 The Council has a statutory obligation under the Accounts and Audit (England) Regulations 2015 to produce an Annual Governance Statement (AGS), which explains how the Council has complied with its Code of Corporate Governance. The AGS sets out how the Council has met its responsibilities for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2 The AGS also explains what governance challenges the Council is facing. Rather than simply updating the governance challenges on an annual basis the Council has established a process whereby progress updates against governance challenges are provided every six months and reported to Audit Committee. This ensures there is a continual focus on how the Council is addressing governance challenges and seeking improvement in how functions are exercised.
- 1.3 An Action Plan of these governance challenges to be addressed in 2019/20 was put together as part of the process of compiling the AGS 2018/19, this was done at the end of last financial year, in March 2019. To identify the proposed list of emerging governance challenges for 2019/20, several evidence sources were considered, including;
  - Analysis of responses from Heads of Services to the online annual governance questionnaires which provide a self-assessment of their Service's compliance with the Code of Corporate Governance.
  - Governance challenges for 2018/19 - as reported in the AGS 2018/19 - where there was more work to do to address a particular challenge, and it was therefore appropriate to carry the action forward into 2019/20.
  - Significant risks as identified in the latest Corporate Risk Register.
  - Any significant corporate risks as identified by the Council's Register of Significant Partnerships assessment process.
  - Key governance challenges identified by the Head of Audit and Risk Management Annual Assurance Opinion and Report.
- 1.4 As previously requested by Standards Committee, a Strategic Management Team (SMT) Lead was identified for each of the 2019/20 Governance Challenges, as set out in the Action Plan at the end of the AGS 2018/19. Lead officers have provided an update on progress, any barriers, and what further ongoing work will be required to implement the governance actions.

## 2. Summary of Progress against the 2019/20 Governance Actions, identified in the 2018/19 AGS Action Plan

**Action 1: "Continuing progress with embedding Our Manchester priorities, behaviours and approach across all aspects of service delivery, ensuring that staff develop the skills and behaviours articulated in the 'Our People' Strategy, including effective implementation of workforce plans. Supporting Services to move from 'early' and 'developing,' to 'maturing' and 'mature' in the Our**

Manchester Self-Assessment. Continuing to develop leadership and management capacity and capability.”

- 2.1 Embedding the Our Manchester approach continues to be at the core of Our People Strategy, ensuring that staff have the skills, knowledge and support to be able to work in such a way. Our Corporate Plan further articulates the criticality of this way of working to deliver across the Council’s seven priorities.
- 2.2 Some of the key activity that supports embedding of the Our Manchester approach includes:
- The Our Manchester Experience is now in its third year of operation and has been refreshed based on participant feedback and to increase the focus on encouraging practical opportunities for all staff to take action in an Our Manchester way. 3,170 Council staff along with 330 staff from partner organisations have been part of the Experience to date, and work is continuing to support all staff to have gone through the Experience by April 2021.
  - New style Listening in Action engagement events were launched in July 2019, giving staff the opportunity to develop a more in-depth understanding of ‘Our Corporate Plan’. Over 2,500 staff have taken part in one of these corporate events.
  - 120 Behaviours Toolkits are in circulation, with examples and case studies demonstrating use by a diverse set of services. The toolkits are not only supporting in embedding the behaviours in themselves but also in utilising the behaviours to guide policy and project development.
  - There are 131 OM ‘Service Champions’ supporting their colleagues on their journey (1.8% of organisation).
  - Work is progressing to firmly establish the direct link between the Our Manchester strategy and the Our Manchester approach on outcomes and demand through the Monitoring and Evaluation workstream of Our Manchester. Whilst this is for the whole of the Our Manchester strategy and approach there is a specific focus on the Council’s workforce.
  - A programme of partnership work to develop and mobilise Bringing Services Together for People in Places which is Manchester’s approach to place-based reform. Also, Our Manchester in Health and Social Care which is establishing an agreed format and approach for the way in which Manchester Health Care Commissioning (MHCC), and the Local Care Organisation (MLCO) will operate in an Our Manchester way.
  - A focused strengths based development programme is now live with roll out prioritised across the Manchester Local Care Organisation and the neighbourhood teams. Evaluation continues to be positive with significant increases in understanding of Our Manchester, strengths based working reported and some great examples of people putting it into practice back in the workplace.
  - A review of systems, processes and governance based on feedback from staff and cognisant of the Our Manchester approach now being progressed as part of Our Transformation Programme.
  - A refresh of the Council’s Leadership and management offer to more closely align with Our Manchester across both the Council’s core

leadership and management programmes and the wider development offer here i.e. the Senior Leaders Group and annual Leadership Summit.

- The re-tendering of the Council's overarching framework for learning and development provision with an expectation that all providers and provision now reflect Our Manchester.
- Ongoing review of the Council's people management policies to support alignment with Our Manchester.

- 2.3 The above activity has supported a continued improvement in organisational engagement levels as measured by the BHeard Survey, with the Council currently categorised as a one-to-watch company.
- 2.4 The Our Manchester Self-Assessment programme of work is progressing to allow resources to be focused on areas of most need or opportunity to learn, with two clear areas of work emerging. One is focusing on the universal 'open-to-all' offer needed to embed Our Manchester, and how this becomes part of the standard offer within Human Resources and Organisational Development (HROD). The second is a specifically targeted area of work where a number of services have been identified to receive an enhanced level of dedicated support, to enable their learning to progress at a quicker pace.
- 2.5 The Self-Assessment has four categories to track progress across the organisation in embedding the Our Manchester priorities, behaviours and approach, which are 'early', 'developing', 'maturing' and 'mature'. A combination of the 'open-to-all' offer, and the more targeted work should enable progression of the overall organisational position to the category of 'maturing'.
3. **Action 2: -“Supporting the integration of health and social care by ensuring effective governance of integrated teams, including operation of the MHCC commissioning function, and implementation of the Local Care Organisation (LCO)”**
- 3.1 The Our Healthier Manchester locality plan is the key document that sets out the strategic ambitions for health and social care integration in the city. This plan is to be revised before the end of December 2019.
- 3.2 The strategic aims of Our Healthier Manchester are to:
- Improve health and well-being in Manchester
  - Strengthen the social determinants of health and improve healthy lifestyles
  - Ensure services are safe, equitable, and of a high standard, with less variation
  - Enable people and communities to be active partners in health and well-being
  - Achieve a sustainable system
- 3.3 Manchester Health and Care Commissioning (MHCC) was established in April 2017 as a partnership of the Council and the NHS Manchester Clinical Commissioning Group (CCG). MHCC is governed by a Board which includes



the Council Chief Executive, the Executive Director of Commissioning and DASS, the Executive Member for Adult Services, and the Executive Member for Children and Schools. The Council and NHS Manchester CCG MHCC have agreed a pooled single commissioning budget for health, adult social care and public health, with a Section 75 Partnership Agreement and Financial Framework.

- 3.4 Manchester Local Care Organisation (MLCO) was established in April 2018 to deliver integrated out of hospital health and care, including Community Health, Primary Care, Mental Health and Social Care. MLCO is leading the delivery of Integrated Neighbourhood Teams (INTs) that bring together the workforce in the above services to deliver integrated care around residents' needs, taking Our Manchester approaches.
- 3.5 The integrated governance structure for MLCO is a Partnership Board and Partnering Agreement, signed by all key partners including MCC. The City Council representatives on the Partnership Board are the Deputy Chief Executive / City Treasurer, and the Director of Policy, Performance and Reform.
- 3.6 The MLCO Executive includes the Executive Director of Commissioning and DASS, and other MCC adult social workers (including three Assistant Directors) are represented on the internal MLCO governance groups that sits beneath the MLCO Executive. Other governance groups are in place across the city to deliver the work required on the overall Locality Plan, and the enablers of integration such as health and social care workforce, finance, performance and ICT.
- 3.7 A procurement process is ongoing between MHCC and MLCO to agree a contract for the commissioning and provision of health services. This includes the preparation of a Business Case document and accompanying Due Diligence for 'Phase 2' of MLCO and MHCC, in which more operational commissioning processes are transferred from MHCC to MLCO. Although Social Care is not directly covered in the procurement, integration between health and social care is an important part of the changes envisioned so that the Council is involved in the preparation of the Business Case. As part of this process, the Council will refresh the Service Level Agreement covering the commissioning and provision of adult social care services. The phase 2 work will also look at the potential to improve outcomes for children and young people in Manchester through integration of some elements of children's services with MLCO.
- 3.8 Recent developments include:
  - Establishing an Adults Improvement Board to drive the activity required in the improvement plan for adult social care.
  - Internal Audit have recently undertaken a review of the effectiveness of governance arrangements between the Council and MLCO. This has led to a working group of Council, MLCO and MHCC officers being established to propose improvements to governance, to report by 30 November 2019.

- The Executive Director of Commissioning and DASS has identified ASC officers to attend key MLCO governance meetings to improve the level of integration within our decision making.

**4. Action 3: - “Delivery of the Adults Improvement Plan to ensure effective triage at the front door, and the assessment and review of citizens’ needs in a timely, proportionate and consistent manner. This includes Adults Services governance oversight: operational compliance, quality assurance and the transition from Children’s to Adults Services provision.”**

- 4.1 The Adult Social Care Improvement Programme has been established to focus on ensuring the basics are in place for adult social care to deliver high quality services for our residents, and to successfully deliver health and social care reform and integration.
- 4.2 The programme plan for this work has been developed based on the outcomes of diagnostic work and the internal audits completed. The programme includes workstreams on:
- **Assessment function** including social work and primary assessment teams. This work is focused on putting the right processes in place to ensure efficient and effective delivery of Care Act assessments and reviews, alongside improvements to practice. Work to improve transition and our oversight of mental health services is included as part of this workstream.
  - **Safeguarding and Quality Assurance functions.** This work is focused on areas where specific pressure is felt (e.g. Deprivation of Liberty Safeguards) as well as reviewing our approach to quality assurance.
  - **Provider services** including our supported accommodation, reablement and supporting independence services. This work is focused on maximising our resources and strengthening the service, including use of technology.
  - **Workforce skill and capacity.** This work is focused on strengthening our workforce across adult social care including improving the social work career pathway and supporting staff to develop.
  - **Adult social care commissioning.** This work is in development and is focused on improving our approach to commissioning and contracting in adult social care as it pertains to our statutory duties.
  - **Front door.** This work is in development and includes focusing on the front door offer and Command Centre, improving use of information to support prevention and maximising independence of citizens.
- 4.3 As part of additional overall investment of £11.4million to meet increased need for adult social care, it was agreed by Executive in February that additional resources of £4.225m in 2019/20 rising to £4.8m for 2020/21 and 2021/22 be invested into the service to support the delivery of the improvement programme through increased capacity in front-line roles. This includes areas of the service where capacity has been met by temporary posts and short term contracts as recurrent funding has not been in place.
- 4.4 Significant progress has been made across the workstreams including:

- Major recruitment campaign delivered with 94% of additional social work posts now recruited to and 57% in post with a further 13% due to start in October.
- Development of new strengths based approach to assessment and support planning - delivering improved outcomes and a more streamlined process - a significant change from the legacy process which has been in place for a decade.
- Transition Board established and action plan in place.
- Delivery of phase 1 of technology enabled care programme transferring c.150 citizens from legacy provider and operationalising TEC into business as usual.
- Some reductions in the waiting lists including (between May and July 2019\*) a reduction of 43% in ongoing work waiting and 8% in reviews.
- Introduction of enhanced communications and engagement with staff boosting morale and buy-in including ASC forum and regular bulletins.
- Development of new policies and interim approach to quality assurance.
- Progress on operational integration including 12 neighbourhood social work managers in place.
- Significant reductions in Deprivation of Liberty Safeguards waiting list.

**5. Action 4: - “Improving the resilience of ICT systems, including cyber security, and the Council’s arrangements for disaster recovery.”**

*Data Centre*

- 5.1 The Council currently manages its own data centre, the majority of its technology infrastructure resides in this facility at the Sharp Project. This location was always intended to be a tactical deployment whilst the ICT Data Centre Strategy was approved and implemented. The new core infrastructure will be hosted across two data centres, provisioned through UKFast Ltd to provide live and disaster recovery capabilities. Manchester Creative Digital Assets Ltd, who manage the Sharp Project are keen to repurpose the Data Centre space occupied by the Council.
- 5.2 The Data Centre Programme is in progress, to deliver an ‘active-active’ data centre design, which means splitting core infrastructure across two sites and removing the single point of failure risk.
- 5.3 The key outcomes of the Data Centre Programme are:
- The increased availability of critical business applications and services, and the ICT infrastructure.
  - Remove single points of failure.
  - Reduction in service outages.
  - Increased resilience of key applications.
  - Reduce revenue cost associated with data centre facility.
  - Allow for the repurposing of Sharp Data Centre facility.
  - Releasing ICT support staff to focus on service delivery, not data centre support.

- Reduced carbon emissions.

- 5.4 The Data Centre Programme previously reported a Sharp exit date of December 2019, the earliest exit date will now be February 2020. The revised timescale allows for the Network Design and Implementation Project to fully consider the additional design considerations and multiple sign-off documentation which was required before cabling work and build could commence. An external organisation was also commissioned to undertake a review of the network designs to provide assurance that the suppliers responsible for the network deliverables will deliver a fully technical working solution. Their report has been received and the outcome is positive as it confirms that the overall design aligns with industry standards and there is high confidence on the hardware selected and deployed to the new data centres; which is designed to cope with component failure and outages. It noted that they had good confidence that the designed solution will be more than fit for purpose in a disaster recovery situation.
- 5.5 In order to deliver the project within agreed timescales some of the data centre migration of applications and services will now take place during the working week and not limited to out of hours and weekend migrations. This will be in agreement with the services affected and following an assessment of risk and business requirements. The migration of services will last for 12 weeks.

#### *Cyber Security*

- 5.6 The Council continues to develop and enhance its position in response to the growing and evolving threat of Cyber Crime. We continue to invest in our people and technology whilst developing a rigorous approach to Cyber Security ensuring that appropriate defences are deployed to protect Council services.
- 5.7 The Cyber Security team are in the process of developing a 3-5 year Cyber Security Strategy, this strategy will define our strategic vision and will provide a greater sense of direction. This strategy will be essential for defining our priorities and providing a roadmap that will guide our day-to-day decisions.
- 5.8 Policies, procedures, and processes continue to be reviewed and strengthened, ensuring that a proactive system is in place to effectively manage the Security Operations function whilst actively managing and deploying software security patching, antivirus and malware protection and other protective security functions based on known, identified and evolving security vulnerabilities.
- 5.9 The Council recognises that one of the biggest risks to the organisation remains with our end-users and they provide an essential and vital role in our Cyber defences. This role can only be truly realised if staff are trained, risk-aware, feel supported and understand what are the top Cyber risks and issues affecting the Council. Our active Cyber Communication plan looks to raise awareness around all aspects of Cyber Security and encourages staff to remain vigilant and report anything suspicious.

- 5.10 All staff and Members must receive basic Cyber Security training as a minimum. This Cyber training programme has been trailed and evaluated by specific service areas with great success and is imminently due to be rolled out to all remaining departments and members of staff. This standard training consists of engaging eLearning content and user interactions allowing all staff to learn through a series of digestible training modules. We look to test the ongoing effectiveness of this training by measuring its success by conducting scheduled simulated 'phishing' exercises throughout the year. All supplied advice and guidance is purposely generic and not specific to Council systems as we look to promote overall good 'cyber hygiene' (meaning the best practice that users can undertake to improve their cybersecurity while engaging in common online activities) in all aspects of life and both the professional and personal environments.

**6. Action 5: - "Governance of delivery of proposed ICT systems essential to business operations and legal compliance, including the new social care system."**

- 6.1 Good governance is critical for the ICT service as it enables the Council to:

- Demonstrate measurable results against Council business strategies and goals;
- Meet relevant legal and regulatory obligations, such as those set out in the GDPR;
- Assure stakeholders that they can have confidence in Council IT services;
- Facilitate an increase in the return on IT investment.

- 6.2 For the delivery of new services such as the new telephony platform, ICT uses two distinct processes. Initially, when a new service or product is required ICT follows 'The Open Group Architecture Framework' (TOGAF), this is an enterprise architecture framework that helps define business goals and align them with architecture objectives around enterprise software development. It helps businesses align IT goals with overall business goals while helping to organise cross-departmental IT efforts. TOGAF helps businesses define and organise requirements before a project starts, keeping the process moving quickly with few errors.

- 6.3 There are four areas within TOGAF are:

- Business architecture: includes information on business strategy, governance, organisation and how to adapt any existing processes within the organisation.
- Applications architecture: a blueprint for structuring and deploying application systems and in accordance with business goals, other organisational frameworks, and all core business processes.
- Data architecture: defining the organisation's data storage, management, and maintenance, including logical and physical data models.
- Technical architecture: which describes all necessary hardware, software and IT infrastructure involved in developing and deploying business applications.

- 6.4 Once an initiative is considered a project, PRINCE2, a project management methodology developed by the UK government, and used widely in IT environments is employed to provide governance of project delivery. PRINCE2 makes use of the best-proven practices from a variety of industries and backgrounds. Documents with templates and clear decision points are characteristics of this methodology. All ICT Project Managers, Programme Managers, and PMO are qualified PRINCE2 Practitioners. This is coupled with ServiceNow ITBM - a governance and project management tool - that ensures projects are governed and delivered following PRINCE2 best practice and stakeholders are provided with assurance over project delivery through the reporting functionality.
- 6.5 In order to ensure effective Portfolio, Programme and Project assurance, ICT utilises P3O. P3O stands for 'Portfolio, Programme and/or Project Offices' and is a framework of principles, processes, and techniques to facilitate effective Portfolio, Programme and Projects management through its enablement, challenge and support structures. P3O guidance is aligned fully to PRINCE2, Managing Successful Programmes, and Management of Portfolios products, and brings together in one place a framework for best practice. Utilising P3O the ICT Project Management Officers (PMOs), all of whom are P3O practitioners, assist the bridging of the gap between strategy and policy makers, and the delivery arm of the Council from an IT perspective.
- 6.6 For live 'Business as Usual' (BAU) services such as Liquid Logic and SAP, the ICT Service Operations adheres to IT Infrastructure Library (ITIL). The IT Infrastructure Library (ITIL) is a library of volumes describing a framework of best practices for delivering IT services. ITIL's systematic approach to IT service management can help businesses manage risk, strengthen customer relations, establish cost-effective practices, and build a stable IT environment that allows for growth, scale, and change. The newest version of ITIL focuses on company culture and integrating IT into the overall business structure. It encourages collaboration between IT and other departments, especially as other business units increasingly rely on technology to get work done. ITIL 4 also emphasises customer feedback, since it's easier than ever for businesses to understand their public perception, customer satisfaction, and dissatisfaction.
- 6.7 Change is effectively managed within the Council using all the above frameworks in conjunction with our governance approval forums; IT Board, Design Authority Group, and the Change Assurance Board.
- 6.8 The key projects in progress or in the pipeline that will utilise these principles are:
- **Liquidlogic:** The Liquidlogic suite of systems have been operational since 23rd July 2019. The focus is now on embedding the systems within the organisation and continuing the business change activity required to align both business service process and systems; leveraging the opportunities that they bring. The new system will require more rigorous data recording

in social care and is also highlighting areas where business processes can be streamlined.

- **Telephony:** The current core telephony and contact centre systems become end of life in March 2020 due to the manufacturer withdrawing support. After this, support will be from the maintainer, BT, but will be on a 'best endeavours' basis, which represents a high risk to the Council. This is due to the manufacturer withdrawing production of new spare parts. BT have indicated that maintenance services will be available beyond the current contract end date of March 2020, but only for an initial 12-month period. ICT has undertaken a tender exercise for a replacement system and the evaluation is near completion. Supplier due diligence will be carried out and it is the current plan that a contract will be signed with our new supplier in November 2019. Implementation is planned to commence early in 2020 following the prerequisite design and planning activities.
- **LAN / WiFi:** The Network Refresh Programme work will be carried out through 2019 - 2021 and is critical for the ongoing performance and resilience of the networks operating within the Council. It will be the first total refresh of the entire infrastructure. The programme consists of the following projects:
  - **Wide Area Network (WAN) Refresh** - this provides the connectivity between Council buildings
  - **Network Infrastructure Local Area Network (LAN) Refresh Project** - this provides connectivity to Council systems within Council buildings
  - **WiFi Project** - a new Corporate WiFi solution to every Council site including: Daisy WiFi (BusyBee) extension and replacement, GovRoam (tactical solution and strategic solution), and the Corporate, public and guest WiFi.

**7. Action 6: - "Changes to the local government finance system, and delivery of continued significant savings."**

*Changes to Local Government Finance system*

- 7.1 In September 2019 there was a one year spending round for 2020/21, with the longer term spending review now pushed back to 2020/21. The wider changes affecting business rates and funding reform have also been delayed until 2021/22. The impact of both reviews is unknown. Similarly, with BREXIT negotiations ongoing, there is further uncertainty on future funding and service demand.
- 7.2 There will be a one-year settlement. The spending round announcement and subsequent consultation have set out the funding for next year and this has been reported to resources and governance scrutiny 8 October and Executive 16 October. This is expected to be confirmed in the provisional finance settlement due in December.
- 7.3 The funding commitments are for one year only, and considerable uncertainty remains for longer-term planning. There remain considerable medium term risks around the levels of public spending overall (to be determined in the 2020 spending review), the distribution of funding across local government

(through the Fair Funding review) and the impact of anticipated business rates reforms and reset.

- 7.4 In relation to Business Rates Reform Manchester has been involved in a number of schemes to maximise the resource available in the region including the creation of a Business Rates Pool across Greater Manchester (GM) and Cheshire, the Business Rates Growth Retention Scheme 2015 and a three-year 100% retention pilot from April 2017 to March 2020.
- 7.5 The Council is engaging with central government and other interested bodies through formal consultation responses and working groups to ensure the impact of the potential changes on local government, and particularly cities is recognised. This includes numerous Fair Funding and Business Rates redesign workshops and consultations as well as contributing to papers considered by the Fair Funding Technical working group. The Council has also submitted written evidence to the Housing, Communities and Local Government Committee inquiry into Local Government Finance on 17 April 2019. The last formal consultation responses were the subject of a report to Resources and Governance Scrutiny on 7 March 2019.

*Delivery of continued significant savings*

- 7.6 The approved savings target is £20.321m for 2019/20, following a number of years of budget cuts, these represent challenging savings and their delivery is regularly monitored. SMT consider the progress at their monthly budget meeting and updates are provided monthly to Executive Members. Executive meeting 16 October 2019 received a report on the detailed monitoring position, including the forecast achievement of savings This showed £3.975m of the £7.908m Adult Services target is currently categorised as high risk.
- 7.7 The Adult Social Care (ASC) and Population Health (PH) budget for 2019/20 is £198.011m of which £193.424m is part of the £1.186bn Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2019/20. Through the partnership arrangements with MHCC for the health and care pooled budget, measures to manage spending pressures will be considered including taking into account funding available to support system resilience.



	Green	Amber	Red	Total	Non recurrent / Investment	Net Total as per MTFP
	£000	£000	£000	£000	£000	£000
Children's Services	876	1,777	0	<b>2,653</b>	392	<b>3,045</b>
Adults and Social Care	1,207	2,726	3,975	<b>7,908</b>	(5,915)	<b>1,993</b>
Homelessness	0	440	0	<b>440</b>	0	<b>440</b>
Corporate Core	3,133	216	0	<b>3,349</b>	0	<b>3,349</b>
Neighbourhoods	4,545	406	0	<b>4,951</b>	0	<b>4,951</b>
Growth and Development	1,020	0	0	<b>1,020</b>	0	<b>1,020</b>
<b>Total Budget Savings</b>	<b>10,781</b>	<b>5,565</b>	<b>3,975</b>	<b>20,321</b>	<b>(5,523)</b>	<b>14,798</b>

7.8 The latest position against each of the high risk savings is detailed below:

- Reablement savings risk of £1.726m (54%) as a result of delays in mobilising the expanded service due to recruitment timescales. Evaluation to date has identified that caseload is increasing and unmet need has reduced and people that have received Reablement are showing greater independence.
- Assistive Technology £0.591m (51%) risk due to the delay in the development of the model and mobilisation of the service as this has a long lead time due to procurement requirements and overstated benefits.
- High Impact Primary Care saving risk of £153k (100%) from Residential, Homecare and Social Work. Work is being undertaken by the service to define the scope of the model and build integrated Neighbourhood Teams to assist delivery.
- Learning and Disability High Cost Placements and Shared Lives savings risk of £235k (36%) which is dependent on the outcome of ongoing assessments.
- Strength based support planning in Mental Health services has savings of £0.775m of which £183k (23%) are rated as high risk which is dependent on the outcome of ongoing reviews.
- Strengths based support planning for other ASC has savings of £0.5m of which £205k (41%) are rated as high risk. The changes to practice and training is now being rolled out but there is likely delay in full implementation of at least six months.
- Homecare £0.750m of which £382k (50%) are rated high risk due to implementation of outcomes based commissioning was delayed until September 2019.
- Contract review high risk savings of £0.5m (100%) as the implementation plan is yet to be developed. Further work is being undertaken to link into other service savings to assist with delivery.

- 7.9 Delivery of amber and red savings will continue to be tracked and reported, and mitigations identified, where possible, to address the 2019/20 financial pressures.

*Budget 2020/21 and beyond*

- 7.10 Detailed work is now underway on the budget requirements for 2020/21 and beyond. The broad funding envelope for next year is known and good progress has been made in identifying savings options for consideration by members, to enable the publication of a one year balanced budget. Despite the uncertainty around government funding it is recognised that longer term planning is essential. Therefore, work is in progress to formulate indicative budgets for the following two years.

8. **Action 7: - “Planning and implementation of changes required to mitigate potential negative impact of Brexit on budget and other assumptions for the Council, partners and residents of the City.”**  
*Governance*

- 8.1 The Council's response to the risks and uncertainties associated with Brexit has been coordinated by the Brexit Preparedness Group which is chaired by the Strategic Director - Neighbourhoods. A Greater Manchester Brexit Preparedness Group is chaired by the Chief Executive of the GMCA, to focus on issues and civil contingencies at a city region level. The group includes representatives from Health, Greater Manchester Police, Greater Manchester Fire and Rescue, Transport for Greater Manchester, Manchester Growth Company and Manchester Airport.

*Risk and Resilience*

- 8.2 Senior Officers from across all directorates attended a Brexit Preparedness workshop on 2 October 2019. The workshop was facilitated by the Risk and Resilience Manager and Civil Contingencies Business Partner, CRRU. It aimed to test the current state of readiness across three broad scenarios; (i) the current position, as of 3 October; (ii) emerging issues that may be present on 4 November and; (iii) reasonable worst case scenarios approximately six weeks post Brexit, in the immediate run up to Christmas.
- 8.3 In line with Government guidance, Risk and Resilience have carried out a Corporate Impact Assessment with all Directorates. The following thematic areas are identified:
1. Fuel Supplies
  2. Civil Unrest
  3. Loss of EU National Staff
  4. Equipment & Materials
  5. Medical Supplies
  6. Food Supplies
  7. Finance
  8. Events

- 9. Payment of Benefits & Poverty
- 10. Partnerships & Suppliers
- 11. Statutory & Regulatory

### *Reporting*

- 8.4 The Chief Executive of Liverpool City Council, has been appointed as the North West regional coordinator for Brexit preparations and reporting. Reports on the Council's preparations and matters arising, including responses to specific requests for information from Government are routed through the Greater Manchester Combined Authority to Liverpool's Chief Executive who in turn reports to Government.

### *The approach relating to Council employees*

- 8.5 The Council's strategy in relation to the workforce has, to date, focused in three areas:
- Informing all employees of the potential implications of Brexit for EU nationals in the workforce and signposting to relevant information and guidance.
  - Supporting any individuals or managers who have identified specific concerns, signposting them to relevant support and providing guidance where appropriate.
  - Monitoring any emerging risks or issues in either the employed workforce or agency provision.
- 8.6 Work has been undertaken with PricewaterhouseCoopers (PWC) to create a package for employees which distils Government information into a format suitable for mobile devices. The package is being used across Greater Manchester by the majority of local authorities and is automatically updated with the most up to date Government guidance and deadlines.

### *Wider Communication*

- 8.7 The Council Communications Team has developed an overall strategy for informing residents and businesses about the implications of Brexit and fed into the wider Greater Manchester plan.
- 8.8 The Government's 'Get Ready' EU exit campaign has been amplified using the Local Authority toolkit provided, to encourage residents, businesses and employees to prepare for 31 October, particularly in the event of a no-deal scenario, and consider the implications in relation to their work, travel, settled status and business processes.
- 8.9 Target audiences include:
- UK residents residing in Manchester
  - EU residents residing in the Manchester
  - All Manchester businesses (specifically those that import or export goods)

- Manchester businesses that employ EU nationals
  - Manchester City Council staff (including Schools and Sure Start Centres)
  - Members and Councillors
- 8.10 Residents have been signposted to <https://www.gov.uk/brexit> for information, and there has been a particular focus on communicating information, support services and Government advice on applying for EU Settled Status.
- 8.11 Messages around health have directed people to the NHS's EU exit preparation pages to ensure consistent messaging.
- 8.12 For businesses, messaging has signposted people to The Business Growth Hub. The Hub have simplified the information available from Government, and provided useful overviews and summaries for technical guidance notes so that businesses can see at a glance if they are relevant and what action they need to take.
- 8.13 Further work is also being progressed to support the Council's rapid communications response to any emerging scenarios subsequent to any No Deal Exit.

#### *Financial implications*

- 8.14 A number of potential financial implications across a range of areas are being considered. These include:
- Increases in the cost of goods and services e.g. care services, buildings and construction, food and fuel.
  - Business rates reductions as a result of higher costs to businesses or issues caused by import and export tariffs.
  - National changes such as changes to interest rates, state aid and OJEU tendering.
  - Impact on the Airport Dividend.
  - EU Grant funding including risk to existing projects and lack of clarity on UK replacement funds.

#### *Impact Monitoring and Mitigation*

- 8.15 The Brexit Preparedness Group is identifying a series of triggers on a cross departmental basis that will enable any emerging impacts of the Brexit process to be identified, monitored and any appropriate mitigating actions taken.

#### *Detailed report to Economy Scrutiny Committee*

- 8.16 The update in this report is intended as a brief high level overview of the governance arrangements relating to this challenge only. A more detailed report - The Impact of Brexit on the Manchester Economy - was taken to Economy Scrutiny Committee on 5 September 2019.

**9. Action 8: - “Development, design and delivery of major infrastructure projects across Highways, maintenance, and governance of response to the reporting of road issues, linking with strategic development plans, to time, quality standards and on budget.”**

- 9.1 Since the last update to Committee, the Highways service have engaged a resource on a secondment basis from Transport for Greater Manchester (TfGM) to develop the strategic pipeline. This post holder is developing this work in partnership with colleagues in Strategic Development and TfGM to ensure that alignment to strategic development plans, such as GM Transport 2040 and the emerging city centre transport strategy. The service has also gained support to progress with a service redesign which has resulted in the post being established on a permanent basis, with recruitment imminent.
- 9.2 The commitment to implement the service redesign will also see the creation of a Permanent Major Projects Team, ensuring all major projects are led and managed by a Project Manager and supported on a technical basis by design engineers, and commercial basis by Quantity Surveyors. The redesign will also result in the permanent establishment of the Programme Management Office, the PMO will be responsible for developing a standard approach to project management, procedures and reporting.
- 9.3 Further to the above, in alignment with the Capital Strategy process the Highways Portfolio Board has now been in place for 18 months, this is chaired by the Director of Highways with membership including the highways senior management team, the Head of Capital Finance, the Head of Revenue Finance and colleagues from Capital Programmes. The service also have in place project boards for all major projects, and a programme board that report into the Highways Portfolio Board. The Portfolio Board reports through the Capital Strategy Board.

**10. Action 9: - “Strengthening the Council’s approach to commissioning, procurement and contract management.”**

- 10.1 Over the last year commissioning, procurement and contract management has undergone a number of changes in Manchester. Broadly these can be categorised into changes that improve: strategic oversight and direction; operational delivery; and delivery of the council’s cross-cutting priorities in relation to commissioning and procurement.

*Strategic oversight and direction*

- 10.2 Across the Council, all directorate management teams (DMTs) have now established regular oversight arrangements such as monthly or quarterly sessions on commissioning and contracting. These vary in their maturity but it is a real step forward from a year ago, when engagement was less consistent.
- 10.3 A key support in this are the Commissioning and Contracting leads, who act as champions for sharing and embedding good practice. Earlier this year, the Integrated Commissioning and Procurement Team established a monthly

group, which brings the leads together, the aim of which is to support them and build connections. One early impact from this group is that we have a more accurate understanding of current contracting arrangements in some areas.

- 10.4 A continuing priority is forward planning of future commissions and the associated development of robust, long-term plans.

*Operational delivery*

- 10.5 A key focus over the last year has been on supporting the workforce. Finance and Integrated Commissioning and Procurement have delivered a half-day introduction course on financial and contractual management to over 300 managers. A new-learning course on contract management has been rolled out to commissioning and contracting staff and a new social value e-learning module has also just been launched, co-developed by a number of officers from across the Council.
- 10.6 A further priority last year was to improve accuracy and ownership of contracts registers, which has improved. Adults services and Corporate Services are two recent examples of directorates who have been delving deeper into their registers checking accuracy and identifying areas that need to be addressed. The 'ContrOCC' system was introduced in the Council over summer 2019, which is designed to support adults' and children's social care finance teams with the process of managing contracts and budgets, making payments and collecting contributions. This will also significantly improve data on the significant number of 'spot' contracts that the Council has with providers in relation to individual care packages.

*Cross-cutting priorities*

- 10.7 The Council continues to embed social value throughout practice across directorates through briefings, training and revised procurement documentation. We have also developed e-learning on social value available for all staff, and share best practice with other authorities. The Council's annual review of social value progress conducted with the Centre for Local Economic Strategies (CLES), continues to show good progress against key performance indicators. Looking ahead, the Council is currently developing a social value tracker and is also looking at how to strengthen the focus on environmental priorities particularly given the climate emergency.
- 10.8 The Council is currently seeking accreditation as a Living Wage organisation. As part of accreditation the Council will need to work with suppliers over the next three years to promote and embed the Real Living Wage as a minimum standard.
- 10.9 Officers are also working on introducing a new contract management system. Manchester are in discussion with a number of other authorities in GM and the North West as there are potential synergies and efficiencies from progressing

a system together. A further developed business case is being produced for Capital Board to seek approval to procure a system.

- 11. Action 10: - “Continued development and coordination across Services of the governance, communication, implementation and monitoring of workforce policy and associated guidance. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance.”**

#### *Our People Strategy*

- 11.1 The Our People Strategy recognises the critical role the workforce must play as the driving force behind Our Manchester. The Strategy is based on a solid evidence base and sets out a clear objective to inspire, connect and empower the workforce and a commitment to embed the Our Manchester behaviours throughout our culture and ways of working. The Our People Strategy is one of a number of thematic strategies and plans which, together with the Council Business Plan, articulate how we will deliver on the priorities set out in Our Corporate Plan. A refresh of the strategy is due to be delivered early in the 2020 calendar, alongside a timeline for the review and refresh of our HROD policies.

#### *Induction*

- 11.2 The new induction process was launched in 2019 supporting our new starters to understand their role, the Council, and how it works. New starters now receive a starter booklet explaining elements of their employment such as flexible working; pensions; equality, diversity & inclusion, a short guide to the constitution and information on trade union representation. Another addition is a video which has been created to provide new starters with an overview of the democracy of the Council and its decision making process. Alongside these new tools is a recently launched trial where new starters have monthly face to face sessions with the senior management team and for a buddy system for all new starters over grade 12. Although many improvements have been made the induction process for managers is a gap that has been identified, and HROD are currently looking at options to improve and close this gap for our new managers.

#### *Leadership Development*

- 11.3 The Raising the Bar Programme continues to assist the development of managers up to Grade 9 ensuring that they have the knowledge, skills and behaviours to deliver Manchester’s ambitious targets, over 400 managers (circa 44%) have been through or are in the process of completing the course. For managers Grade 10 and above, the Our Manchester Leadership Programme (OMLP) provided a programme of enhanced leadership development. Over 50% of leaders and managers have engaged in this programme.
- 11.4 Following largely positive feedback it was noted that there was a need for more focus on core management basics, as a result both courses are being

refreshed, with a new module on Public Sector Leadership being added to the OM programme which is being rolled out retrospectively to delegates.

#### *Our Ways of Working (OWOW)*

- 11.5 The first phase of the OWOW initiative has now been completed. The project aim was to support a transition to modern workspaces and technology in addition to improving the flexibility of our workforce and supporting more agile and smarter working options through policy and procedures.
- 11.6 The relocation of 450 staff and Councillors from the Town Hall has allowed us to achieve an overall ratio of 8:10 (desks to staff) within the Town Hall Extension.
- 11.7 As a result of the project the Council has received Timewise Accreditation, demonstrating its commitment to increasing opportunities for its staff to work flexibly, reducing costs and improving services. The revised Flexible Working Policy Framework review has been completed, and was published in February 2019 alongside a refresh of the dedicated intranet pages relating to flexible working. The Our Ways of Working intranet site serves as the foundation to develop a policy and guidance hub for staff who are interested in aspects of OWOW, or who want to implement these practices within their services.
- 11.8 A review of Role Profiles is currently underway to further champion flexible working as an option within our roles. OWOW Phase 2 will support the development and testing of flexible working initiatives in services which have not been able to adopt approaches to date. This tranche of the project will primarily focus upon front line service areas and will include reviewing how we can better offer flexible working options to our social worker roles.

#### *Recruitment and selection*

- 11.9 Launched in October 2018 the revised Recruitment and Selection policy and guidance has been embedded into the recruitment process over the last year. Encouraging managers to 'Hire with their Head' the policy now enables managers to tailor the recruitment process to their roles and services to get the best possible candidates in a way which is fair, inclusive and consistent across the organisation. Since its launch the mandatory e-learning module has been completed by 1,095 individuals (14% of the workforce) who are involved in the recruitment process.

#### *Disclosure and Barring Service (DBS) Framework*

- 11.10 Over the last year the Directorate Lead Counter-signatories, with support from the HR team, has refreshed the DBS policy; audited the list of posts that require clearance and made system improvements (and planned others) that improve records. The internal audit team completed an inspection of new arrangements and gave a conclusion of moderate assurance (a notable improvement of the Limited Assurance findings from the last audit in 2015) with recommendations that have been acted on during 2019 to further improve



the assurance relating to the Council's DBS Framework. In addition, the Council has recently joined a Greater Manchester Combined Authority (GMCA) contract for the provision of a new electronic system (e-Bulk system) for the processing of DBS checks on behalf of the Council.

#### *Using Workforce Intelligence*

- 11.11 The Workforce Assurance Dashboard continues to be a heavily utilised product across management teams highlighting key areas of risk to the organisation, at both service and directorate levels on a quarterly basis. Continued review of the product has meant that the measures have been revised and refined in line with management feedback. The product now includes further information on Casework and the quarter two version will see a reduction in the number of metrics being included on sickness absence. The dashboards continue to be shared with the Trade Unions as an overview on workforce performance.
- 11.12 Continuing the work from last year in relation to reporting on the compliance with the Management of Attendance Policy - in regards to managers completing Return to Work (RTW) information promptly - this has seen completion rates increase from 78% in Q1 2018/19 for the Council as a whole, to 88% in Q1 2019/20, a 10 percentage point increase. A change in SAP from August 2018 enabled the system to automatically send emails to managers to inform them if they had any outstanding RTW to complete, following the implementation of this compliance rates increased to the current levels and will continue to be monitored by the Workforce Intelligence team.

#### *Our Transformation Programme.*

- 11.13 An update was provided to Resources and Governance Overview and Scrutiny Committee on 8 October 2019 which follows the work to review and evolve the Corporate Core Transformation Programme. The Our Transformation Programme is designed to deliver more radical change and be considered as a whole organisation approach. The work is a key driver to support the organisational goal of being a 'well managed Council' and it is about changing how we work as an organisation to ensure we can deliver our corporate priorities. Engagement is already well underway, building on a series of workshops held and has been well received by the Council's senior leadership group. The communications will roll out to all staff following the Council's leadership summit (involving every manager above grade 10) on 14 October 2019.

## **12. Next steps in the production of the 2019/20 AGS**

- 12.1 A further update on progress made addressing the governance challenges detailed in this report, up to the end of the financial year, will be given in the full Annual Governance Statement 2019/20 document itself.
- 12.2 The Council will also undertake forward planning to consider what challenges will need to be addressed in 2020/21. As part of this process, evidence from a

number of sources is considered, as explained earlier in this report (paragraph 1.3). An annual meeting of governance lead officers will be arranged where this evidence will be considered, and a list of the most significant governance challenges which the Council will need to address in 2020/21 will be itemised in the Action Plan at the end of the AGS 2019/20.

- 12.3 A draft of the Annual Governance Statement for 2019/20 will be submitted to Audit Committee in April 2020, prior to its inclusion with the Council's Annual Accounts later in the year, in July 2020.

## Manchester City Council Report for Information

**Report to:** Audit Committee – 12 November 2019

**Subject:** Governance Improvement Progress for Partnerships with Low or Medium Strength of Governance Assessment Ratings

**Report of:** Deputy Chief Executive and City Treasurer

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### Summary

The report provides an update on progress made to strengthen governance arrangements in the sixteen partnerships where a 'Low' or 'Medium' Partnership Strength of Governance rating was recorded in the 2018 Register of Significant Partnerships, as requested by the committee in February 2019.

### Recommendations

Audit Committee is requested to comment on and note the progress made to improve governance arrangements in the partnerships detailed in the report.

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### Wards Affected: All

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

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

Report to Audit Committee 11 February 2019 – Significant Partnerships Register

## 1. Introduction

- 1.1 In recognition of the need to ensure that all the Council's significant partnerships continue to perform well, delivering value for money and supporting the Council's strategic objectives, a Partnership Governance Framework is in place. This framework defines and standardises the Council's approach to managing its partnerships, in order to help strengthen accountability, manage risk and rationalise working arrangements.
- 1.2 In support of its application of this framework, the Council maintains a Register of Significant Partnerships, which has been in place since 2008. It lists all key partnership arrangements that are considered to be of the highest significance to the financial and reputational risk of the Council and to achieving the Council's objectives. These arrangements are not uniform, ranging from joint venture partnerships, statutory groups and PFIs. They reflect different governance structures depending on their legal status.
- 1.3 The Register is refreshed annually; the latest version of the Register was taken to Audit Committee on 11 February 2019. In the updated Register, fifteen partnerships had a strength of governance rating of 'Medium', indicating that while there is a generally sound system of governance in place in these partnerships, areas for improvement were identified. One partnership had a rating of 'Low', meaning that control arrangements needed to be strengthened, and that the partnership's and Council's objectives were unlikely to be met.
- 1.4 To gain assurance that plans are in place to strengthen governance arrangements in these partnerships, Audit Committee requested that a report is produced which details progress made to strengthen governance arrangements in those partnerships with a 'Low' or 'Medium' strength of governance rating.

## 2. Progress made to strengthen partnership governance arrangements Partnerships with a 'Low' Strength of Governance Rating Hulme High Street (entry 41)

- 2.1 Hulme High Street Ltd is a joint venture limited company incorporated in 1996 between Manchester City Council (as landlord) and Amec (as developer) formed to develop the Hulme High Street area brought about following the Hulme City Challenge regeneration project initiated in the early 1990s. The site comprised the High Street area including the 'Asda' retail park along with the surrounding high street, market and residential development sites. Amec's interest is now held by Muse Developments. Although there is a Council Officer listed as a director of the Company, the company is effectively dormant. The Council do not have involvement in the day to day running of the Company given the elapse of time since any real activity.
- 2.2 The principal objective for the formation of this partnership arrangement was to develop the Hulme High Street area of the City. All but one of the sites has now been developed, and this site will be acquired by the Council as part of the winding up of the company.

- 2.3 The Council has now commenced the process of acquiring the shares in Hulme High Street Ltd currently held by AMEC/Muse. The result being that the Council shall become the sole shareholder of the company hence no longer a joint venture or partnership. The Council's legal team continue to prioritise this area of work; in the interim the partnership remains as 'Low' governance strength.

Partnerships with a 'Medium' Strength of Governance Rating

Manchester Working Ltd (entry 4)

- 2.4 Manchester Working Ltd (MWL) was established as a joint venture company in 2006 for the provision of building maintenance services for the Council and Northwards Housing. In 2018, the partnership was rated as 'Medium' governance strength.
- 2.5 The contract between the Council, Northwards Housing and MWL has expired. A re-procurement tender exercise was undertaken in accordance with the EU public procurement rules and a new contract for Repairs and Maintenance Services to Northwards Housing Managed Stock and new adaptations across all Manchester City Council housing was subsequently awarded to Mears Limited. This contract is not connected to the joint venture company.
- 2.6 MWL continues to undertake a small number of Capital projects which will all be completed by 30th June 2020.
- 2.7 The task and finish group established by the Deputy City Treasurer will continue to oversee the finalisation of the accounts and the closure of the joint venture company.

NOMA (entry 13)

- 2.8 The partnership is in place to provide strategic oversight and to guide regeneration and development within the NOMA area between Victoria and Shudehill. Hermes are now the sole owner of the development, with the Co-op having sold their interest (although the Co-op still occupy their Head Office site at 1 Angel Square). Hermes are taking forward the delivery of the masterplan, together with a development manager partner, MEPC, which has recently been reviewed in consultation with the Council. In the last update of the Register, NOMA was rated as 'Medium' strength of governance rating.
- 2.9 Following work by officers, the strategic partnership arrangements with Hermes have strengthened significantly over the last year. Regular Board meetings have now been re-established, good relationships have now been made with individual officers and additional officer meetings on specific issues also take place. Hermes have also welcomed the Council's support at launch events.
- 2.10 Progress on delivering the masterplan has been demonstrated by the recent completion of two schemes, together with the submission of the next phase of

planning applications, covering new commercial, residential, and leisure development.

- 2.11 The translation of the latest round of planning applications through to delivery will be kept under review at Partnership Board.

Northern Gateway (entry 15)

- 2.12 Northern Gateway was a new entry to the Register in 2018, and was rated as 'Medium' governance strength.
- 2.13 The Council entered into a series of documents on 26 April 2017 with an investor - Far East Consortium (FEC), for the comprehensive redevelopment of the whole of the Northern Gateway for high quality housing and ancillary development. FEC are investing in the scheme through a wholly owned SPV called FEC Northern Gateway Development Limited (InvestCo).
- 2.14 The Council and InvestCo have entered into a new joint venture company called Northern Gateway Operations Limited (OpCo) which is jointly owned and controlled by InvestCo and the Council. OpCo will have strategic input into, and oversight of, the development of the Northern Gateway - primarily through the approval of an overarching strategic business plan and business plans for each Development Area and through monitoring delivery against them. The Council is to approve planning applications as land owner (separate to its role as local planning authority).
- 2.15 The relationship between the Council and InvestCo is governed by the Shareholders Agreement which sets out the operational parameters of OpCo. Day to day management of OpCo is vested in the OpCo Board and each shareholder is entitled to appoint up to three directors. The Council has appointed as its Directors the Executive Member for Housing and Regeneration; the City Treasurer; and the Strategic Director, Growth and Development. The Council directors and InvestCo directors each have a collectivised vote and all decisions to be passed must be voted on by both sets of of directors. The OpCo Board meets on a quarterly basis and minutes of each meeting are recorded by an appointed secretary.
- 2.16 The relationship between OpCo and InvestCo is governed by the Operational Agreement. In general terms InvestCo is free to conduct the day to day business of the company but this is subject to the restrictions contained in this agreement which broadly act to ensure that InvestCo cannot do anything which could prejudice the interest of the Council as a party entitled to receive a profit share from InvestCo pursuant to the terms of the Agreement for Lease (ie concerning the land owned by the Council that goes into the scheme for the purposes of development).
- 2.17 OpCo can issue directions - through the OpCo Board - to InvestCo as long as they are consistent with the business plans and OpCo can review all material contracts that InvestCo is to enter into and can make representations in relation to those contracts. There are open book audit and reporting

requirements to provide transparency on the operation of InvestCo. The Council is not party to the Operational Agreement but has third party rights to enforce its duty in relation to accounting, reporting and audit requirements.

- 2.18 The Shareholder Agreement and the Operational Agreement are complemented by the Development Management Agreement which requires FEC (contracting through FEC Development Management Limited) to provide development management services for the venture. This Agreement is structured so that services will be for the benefit of both OpCo and InvestCo but that OpCo will have no obligations or liability under this agreement.
- 2.19 The Development Management Agreement requires that regular reports and advice are provided against the business plans to OpCo to review the progress of the sites and delivery against the business plans. The Development Manager will also provide the information to the OpCo Board as necessary to allow the Board to develop the business plans for approval by the shareholders of OpCo.
- 2.20 A series of key milestones are covered within the suite of legal documents as part of the JV. A major milestone was achieved in February 2019 with the approval of the Masterplan/Strategic Regeneration Framework (SRF) which will facilitate and provide clarity to the delivery of planned development phases across the Northern Gateway area.
- 2.21 The initiative is being driven by officers within the Council's Residential Growth Team of the Growth and Development Directorate, with support from other service areas across the Council including: Legal; Planning; Neighbourhoods; Highways; Policy; Health; Education; and Work and Skills.
- 2.22 A range of external stakeholders will play a role in the delivery of the Northern Gateway, as well as those bringing forward development proposals. Such external stakeholders include the Environment Agency; Transport for Greater Manchester; Greater Manchester Combined Authority; United Utilities; National Grid, Electricity North West; Homes England; and Ministry of Housing, Communities & Local Government.
- 2.23 Risks relating to the overall delivery of the Northern Gateway are monitored and addressed by the Operational Delivery Group comprising officers from the Residential Growth Team and from FEC. Meetings are held on a weekly basis. Risks are reported to the OpCo Board as appropriate.
- 2.24 As the programme moves forward a series of thematic working groups have been/will be established. Key thematic work streams include: Transport and Movement Working Group which includes representation from TfGM and Network Rail; Green and Blue Infrastructure Working Group; and Infrastructure Delivery Group. The work of each of these groups is overseen by the Operational Delivery Group with decisions, including requests for delegated decision-making powers, being granted by the OpCo Board.



Manchester Safeguarding Children's Board (now Manchester Safeguarding Partnership) (entry 16)

- 2.25 In view of the continued work to strengthen the partnership's governance, and the forthcoming transition to new safeguarding arrangements, the 2018 strength of governance rating for the Manchester Safeguarding Children's Board (MSCB) was 'Medium', which remained the same as the previous year.
- 2.26 The Manchester Safeguarding Partnership (MSP) has now replaced the MSCB, which consisted of the Manchester Safeguarding Children Board and Manchester Safeguarding Adults Board. The new MSP was established in response to new legislative guidance (Working Together 2018) which required all local areas to publish their new multi-agency safeguarding arrangements for children by 29 June 2019. The legislation and guidance abolished the need for local areas to establish Local Children's Safeguarding Boards (LSCB) where local authorities had lead responsibility to having partnership arrangements led by three strategic partners who all have equal responsibility for safeguarding arrangements in their local area. The three strategic partners are the Chief Officers of the Local Authority, the Clinical Commissioning Group and Greater Manchester Police.
- 2.27 Manchester saw the statutory requirement requiring a change to our partnership approach to safeguarding for children as an opportunity to align our partnership safeguarding arrangements for children and adults. The published arrangements are therefore also in line with the Care Act 2014 requirements for Safeguarding Adults Board (SAB). In the new MSP arrangements the Adult Safeguarding Executive Group will fulfil the function of Safeguarding Adult Board detailed in Care Act 2014.
- 2.28 Manchester's Multi-Agency Safeguarding arrangements document was published in June 2019 range of activities continued across the partnership to confirm the detail and embed the new arrangements. A Project Implementation Group was established of key senior officers from the key partner agencies to progress the key aspects for implementation. This has included an amended structure by which to provide assurance regarding Partnership approach to safeguarding in Manchester.
- 2.29 A range of workshops and activities have also informed the detail of the new arrangements to ensure we build upon a strong foundation and to provide assurance and confidence in our partnership safeguarding arrangements as part of our journey of continuous improvement.
- 2.30 The purpose of the new arrangements is to support partnership working whereby:
- Children and adults at risk of abuse and harm are safeguarded and their welfare promoted.
  - Partner organisations and agencies collaborate, share and co-own the vision for how to achieve improved outcomes for vulnerable people in our city.

- Organisations and agencies challenge appropriately and hold each other to account.
  - There is early identification and analysis of new safeguarding issues and emerging threats.
  - Learning is promoted and embedded in a way that local services for children and adults at risk of harm or abuse can be more reflective and improve practice.
- 2.31 An update on the MSP's arrangements is to be published by the end of October 2019. In summary the new arrangements aim to ensure:
- A timely and proportionate response to safeguarding learning reviews.
  - Focus on learning and improvement activities to ensure we listen, understand and respond to learning from reviews for children and adults at risk of harm or abuse.
  - An increase our focus on learning and its positive impact on practice and outcomes for children and adults at risk of abuse or harm.
  - The voice of children, adults and their families are central to our work.
  - Acknowledge the involvement and support of education sector.
  - A consistent and joined up approach to safeguarding for children and adults at risk of harm or abuse.
  - Clear and accessible arrangements for information sharing.
  - Clear and transparent arrangements for dispute resolution.
- 2.32 The newly established Accountabilities and Leadership Board led by Strategic Partners will have its first meeting in November 2019. This Board will provide strategic leadership to the partnership, take decisions and make commitments on policy, resources and practice matters, holding respective agencies to account on how effectively they participate in and implement local arrangements.
- 2.33 A new Independent Chair role will act as a critical friend offering independent scrutiny and challenge to the partnership. This position is currently being recruited to.
- 2.34 Separate children's and adults Executive Safeguarding Groups will performance manage and hold to account partners regarding the safeguarding systems for children and adults at risk of harm and abuse and their families. The Executive Groups will embed the new safeguarding arrangements, seek assurance regarding child death arrangements and the wider safeguarding arrangements for children and adults.
- 2.35 Separate Child and Adult safeguarding Practice Review Panels will oversee the process for undertaking reviews where a child or adult has suffered significant harm or death and there is multi-agency learning. Work has been undertaken to review the processes to ensure we have appropriate thresholds and take a strategic approach to identifying where it is appropriate to undertake a review. Additional capacity has been identified to ensure that the current outstanding reviews (for children and adults) are completed promptly. New learning reviews for adults will be commissioned more robustly to ensure

partnership learning is identified and acted upon more promptly, are more cost and resource efficient with contracts for independent reviewers clearly outlining expectations.

- 2.36 There will be four sub-groups responsible for progressing Quality Assurance, Complex Safeguarding, and Learning and Improvement to support the MSP in fulfilling its core business and functions. Each sub-group will have a work plan to progress their area of responsibility.
- 2.37 Child and Adult Practice Fora within localities will build upon existing positive work and embed learning. The children's fora are already established and linked to the partnership safeguarding work. Adult Fora's are being developed.
- 2.38 We are now in the new Manchester Partnership Arrangements; work from the Manchester safeguarding Board is either being finalised or will transfer over to the new arrangements. The new structure is providing an opportunity to build upon existing strengths and to do things differently moving forward. The newly formed sub-groups over the autumn will confirm membership, terms of reference and work plans moving forward.
- 2.39 By April 2020 it is envisaged the new structure and arrangements will be embedded. The strategic chief officers of the lead agencies will continue to report to their organisations for scrutiny and challenge. The Inter Board Protocol will ensure effective and clear reporting and working across strategic boards continues.

#### Children's Board Strategic Partnership (entry 20)

- 2.40 In 2018, the Children's Board Strategic Partnership retained a 'Medium' governance strength rating.
- 2.41 The partnership continues to utilise the knowledge and expertise within the membership and reporting to the Health and Wellbeing Board to further strengthen the governance arrangements for the partnership. The culmination of this has been the production of the 2018-2019 Annual Report which highlights the achievements of the Children's Board. This, aligned to the routine reporting to the Health and Wellbeing Board, has enabled us to identify the challenges that need to be overcome to ensure we continue to achieve our objectives.
- 2.42 A key focus over the next six months will be the development of the Children and Young People's Plan 2020-2024. The plan articulates our collective vision for children across the City and it underpins the work of the Board. The development of the plan will be done through a strategic planning process which will foster collegiality and create an opportunity to further strengthen 'buy in' and ownership at a senior strategic level from our key partners.
- 2.43 To ensure that the work of the Children's Board can be successfully monitored and evaluated we have agreed that the outcomes framework will be reviewed and updated so that we can accurately evidence which initiatives are having

the greatest impact on children and young people. An outcome focused approach with a strong culture of challenge and support will be adopted to ensure the Board work together to utilise resources and deliver a collaborative offer for children and young people.

- 2.44 To enable the Children's Board to achieve the above ambitions, and to ensure that we deliver the vision 'Our Manchester – building a safe, happy, healthy and successful future for children and young people', it is vital that the Board has a balanced membership where individuals have complementary skill sets which will allow a culture to develop that will enable the Board to work together to make effective and accountable decisions. Therefore, we will review the current membership of the Board and, where gaps are identified, we will actively recruit new members who can bring additional expertise, experience and the ability to critically analyse what we are doing and how we could do it better.
- 2.45 By adopting the above approach we are confident that the governance arrangements of the board will continue to be strong and showcase a good example of successful partnership working at a senior strategic level.

Manchester's Service for Independent Living (MSIL) (entry 25)

- 2.46 A strength of governance rating of 'Medium' was recorded in the 2018 Register, which was the same rating given in 2017.
- 2.47 The current agreement is for the provision of a Community Equipment Service to children, young people, adults and older people across Manchester. This includes stock and store management of equipment and provision of delivery, collection, recycling, decontamination and maintenance services.
- 2.48 The Service Level Agreement (SLA), which sets out the responsibilities and priorities of the Council and the CCG, was signed by all relevant senior managers on 6 February 2019. The SLA is working well and no issues have been reported by any of the parties, and a progress meeting is currently being arranged.
- 2.49 Further discussions are ongoing with regard to the purchasing of Continuing Healthcare (CHC) equipment with senior managers in the CCGs and MLCO with the possibility of a further separate SLA being developed to cover this element of equipment provision which is not currently covered by the existing SLA.

Manchester International Festival (MIF) (entry 26)

- 2.50 MIF has a grant agreement to deliver the biennial festival; a memorandum of understanding is being developed to support its links with the development and operation of the city's new arts venue, The Factory, due to open in 2021.
- 2.51 Taking on the role of operator for The Factory has required MIF to undergo significant organisational change to grow and adapt as an organisation. The

organisational re-design and transitional planning has concluded and the work towards the Factory opening and operating is owned and driven by the MIF Board, Chief Executive Officer and the Executive Team. In view of the significant changes ahead, MIF continued to be rated as 'Medium' governance strength in the 2018 Register.

- 2.52 The Board currently has 14 members and the City Treasurer is an observer. An Executive Structure has been designed and whilst a new Chief Operating Officer role had been recruited to, the structure has recently been amended to replace this role with an Executive Director who will start with the organisation in January 2020. A Business Plan has been approved by Arts Council England / Department for Culture, Media and Sport. This plan is a live document and is updated and resubmitted to Arts Council England every six months.
- 2.53 The development of MIF as an organisation and the artistic planning is taking place alongside the construction of The Factory, which is a major capital project, located within the St John's neighbourhood of the city centre and managed by the City Council. Governance arrangements are in place to manage The Factory project with the City Treasurer as the Senior Responsible Owner (SRO) and chair of the Project Board and The Leader as the project sponsor and chair of the Strategic Board. As SRO for The Factory development, the City Treasurer also has oversight over the development of MIF as the operator for the venue, including approval of the emerging business plan.
- 2.54 A detailed risk register continues to be reviewed at the Project Board meetings. The Strategic Board chaired by the Leader of the Council, is attended by the Deputy Leader, Executive Member for Finance and Human Resources, Executive Member for Schools, Culture and Leisure, Chief Executive, City Treasurer, MIF Chairman, MIF Chief Executive Officer and a representative of Arts Council England as an observer as well as The Factory capital team.

Greater Manchester Mental Health NHS Foundation Trust (GMMH) (entry 27)

- 2.55 As of 1 January 2017, GMMH acquired Manchester Mental Health & Social Care Trust (MMHSCT), and responsibility for the delivery of all its Manchester based mental health services. For 2018, the partnership was rated as "Medium" strength of governance in view that it was still very much transitioning to the new arrangements.
- 2.56 Greater Manchester (GM) Clinical Commissioning Groups (CCG) use a collaborative approach in procuring and commissioning best value services from the GM mental health providers in order to meet the health and social care needs of their respective populations, and to achieve national and local quality standards. This ensures that:
- commissioned services are effective and provide value for money;
  - scarce skills and knowledge in all organisations are shared;

- each party recognises the opportunities to improve outcomes for citizens through close collaboration and joint working.
- 2.57 Collaborative working across the GM mental health trusts and GM CCGs is already in place and is continuing through 2019/20, with existing governance structures being maintained and, where appropriate, further developed to ensure the efficient and effective monitoring of the GM contracts.
- 2.58 For 2019/20, GMMH has two multilateral contracts that:
- 1) Bolton CCG lead on and covers Bolton, Salford and Trafford.
  - 2) A contract which Manchester CCG leads on and significantly covers Manchester's services with contributions from other GM associates including the cross border activity with Trafford CCG in support of the GM agreed protocols.
- 2.59 An agreement has been made to align as much as possible in terms of contract requirements and monitoring to ensure efficient use of time and resources.
- 2.60 The GMMH (Multilateral & Bilateral) Contract is governed by a Joint Executive Steering Group (JESG) that is led by Trafford CCG; key CCG stakeholders will be represented on this Group. The JESG will be the conduit for formal contract communication between CCGs and the Provider. It will provide leadership and be responsible for signing off contract strategy.
- 2.61 For the JESG, there is a need for the maintenance of executive representation or delegation from CCGs, Local Authorities and the Provider. The JESG will be supported by the following sub groups:
- Quality & Performance Group (Q&P) will be led by Bolton CCG and will oversee the management of quality, performance and governance, e.g. serious incidents, safeguarding, complaints, surveys, CQUINs and audit Membership includes quality, contracting and clinical leads from CCGs, and providers.
  - Contract & Finance (C&F) will be led by Manchester CCG where the group will meet quarterly to discuss contractual and financial related matters with GMMH including but not limited to changes introduced by NHS England which will have an impact on the services commissioned and contracted with the Provider.
  - Joint Service Development group (JSDG) will be led by Salford and will oversee the necessary collaboration across the GMMH footprint to improve consistency, efficiency and quality which meet collective local, GM and national targets, priorities and aspirations.
  - Manchester Service Development Group (SDG) where the Council and Manchester CCG are both represented as the Manchester SDG, which meets monthly to ensure the s75 partnership is reviewed against the specification and performance targets. Areas for development and improvement are identified and monitored. Any unresolved matters are escalated through the above described governance structure.

- 2.62 Meeting frequency and the seniority of CCGs and the Provider staff in attendance at the meetings has been determined on a risk basis. Membership of all the groups comprises appropriate representatives from CCGs and the Provider.
- 2.63 Standing membership of the governance meetings will be primarily from the principal commissioners, Bolton CCG, Salford CCG, Trafford CCG and Manchester CCG.
- 2.64 Input from appropriate Quality, Commissioning, Contracting and Finance colleagues from the CCGs and Provider ensures that effective contract and quality monitoring processes are in place to meet health and social care needs of the GM population and to ensure achievement of local and national and quality standard.
- 2.65 Contract changes will be managed through a Contract Variation Process, in accordance with the requirements of the Contract and any change to financial values will be managed by the lead commissioner following agreement.
- 2.66 Issues will be escalated through the GMMH Governance Structure as appropriate. The ultimate escalation of issues and disputes is to the JESG. Any unresolved matters will be managed in accordance with the Contract Dispute Resolution process.

Avro Hollows Tenant Management Organisation (entry 35)

- 2.67 The Avro Hollows TMO was set up in 2008 to manage a relatively small area of housing stock (312 properties) in Newton Heath on behalf of the Council.
- 2.68 A governance strength rating of 'Medium' was recorded for 2018, which remained the same as the last three years.
- 2.69 Over the last 12 months AVRO Hollows have completed all fire safety actions highlighted by Northwards consultants, no further actions are required. Staff have received training around the use of fire extinguishers, arson and fire evacuation procedures. Officers are working to a training matrix which will ensure that standards are kept up to date. Fire safety checks are carried out on a daily basis. Any repairs to closures and fire doors are attended to immediately and treated as a high priority.
- 2.70 The repairs service continues to be dealt with by AVRO Hollows and delivered by DKJ Building Services. Tenants receive a more localised service which has proven to be quicker and more cost effective. Empty properties continue to be challenging to let in Dobson Court, although as they are now advertised as first come first served this is creating a list of applicants to whom the properties can be offered.
- 2.71 The external grounds continue to be maintained by Manchester City Council and are supported by the caretakers and handyman who litter pick every day to keep the grounds in a good condition.

- 2.72 The relationship with Northwards Housing is good, in particular with the local office. The Housing Manager attends TMO liaison meetings where the relationship with Housing and Residential Growth enables the partnership to concentrate on wider issues. Additionally this helps to address issues from Northwards, the Council's contractor.
- 2.73 The board continues to meet regularly and discuss priorities for the estate and is supported by a housing consultant when necessary. There is an ongoing challenge relating to the receipt of multiple communications from two tenants. This has become a costly process due to legal issues, and the officer time being taken means it potentially hinders services being delivered to tenants.
- 2.74 The AVRO AGM took place on 25 September, adhering to the legal requirement that it must be held within 15 months of the last AGM, which was in November 2018.

#### SHOUT Tenant Management Organisation (entry 36)

- 2.75 The SHOUT TMO ensures effective monitoring, governance and support in the provision of a voluntary service managing a relatively small area of housing stock (100 properties). For the 2018 update of the Register, the partnership was given a governance strength rating of 'Medium', which remained the same as the previous year.
- 2.76 Customer relations have improved due to increased dialogue, and this has led to the board being fully abreast of the issues facing its tenants. Staff and board members have an agreement in place to discuss any issues raised by tenants, thus ensuring the board can consider how its policies can help to reflect the views of tenants. This ensures that tenants' expectations remain realistic, which previously proved frustrating to both tenants and staff, and also improves relationships as both the board and staff continue to work together to meet customer needs.
- 2.77 The proactive quality control practice adopted by the board has helped to improve customer satisfaction as customers know that they will be contacted to make sure that repairs are carried out to a satisfactory level.
- 2.78 SHOUT also regularly meet with MEARS (repairs contractor) and include members of the Board who are able to communicate the views of tenants. The Council has also attended these meetings to support the process.
- 2.79 The day to day relationship with Northwards housing continues to work well. There are issues with the delivery of the Capital Works programmes that have been brought to the attention of the Council and will be addressed during the next liaison group meeting.
- 2.80 The Board has set up a committee to deal with staff issues, although there is further need for support from the Council regarding human resources as per the Management Agreement. A pay review is to be undertaken for the housing



staff, as well as an allowance review which will assist the board in providing services to tenants.

- 2.81 Members of the Board have been more engaged with the management of Shout TMO. There has been a vast improvement in the running of the TMO since board members were appointed. This includes improved management of the finances.
- 2.82 Environmental issues such as fly tipping, land ownership and neighbour nuisance are continual agenda items and are discussed with relevant departments from the Council.
- 2.83 Good relationships exist with partners through a regularly held joint management meeting where the Council are in attendance. A local Councillor has close contact and maintains a good relationship with the board.
- 2.84 AGM arrangements are in place, the previous AGM was held on 1 October 2018. The next AGM is arranged for 7 November 2019.

#### Manchester Health and Care Commissioning (MHCC) (entry 42)

- 2.85 MHCC was established in 2017 to create a single health, adult social care and public health commissioning function for Manchester. It was originally set up to operate via delegation of function from the Council to the Manchester Clinical Commissioning Group (MCCG). However, this aim was not achievable due to VAT reasons.
- 2.86 The two organisations have been working positively and collaboratively within shared governance arrangements but without a fully integrated budget. Decision making has been enabled through the Council's delegation to the Director of Adult Social Care and the Director of Public Health. Staff remain employed by the Council or MCCG and therefore are covered by their host organisations' policies and procedures.
- 2.87 A new partnership agreement was agreed, which formalised the arrangement described above and set out the rules for how financial pooling would occur via a Financial Framework. The Council have audited MHCC's governance arrangements and are monitoring the delivery of the recommendations. In the interim MHCC was rated as 'Medium' governance strength in the 2018 Register, and the formalising of arrangements and due diligence continues.

#### Manchester Local Care Organisation (MLCO) (entry 43)

- 2.88 Manchester Local Care Organisation (MLCO) was formally launched on 1 April 2018. MLCO is responsible for the delivery of a range of services including community health services, and adult social care. The organisation is planned to develop over an agreed three year phased approach, over time the range of services that will be delivered through MLCO will grow to include Mental Health and Primary Care.

- 2.89 The partnership has robust controls in place in relation to governance, for example through its financial and performance reporting and internal governance processes. However, it is a relatively new and evolving partnership, and there is significant risk attached – for example, because the MLCO still has to report to different partners for decisions. In view of this, in 2018 the MLCO retained its rating of ‘Medium’ governance strength.
- 2.90 MLCO activity for 2018/19 is defined by its business plan – which was agreed by its Partnership Board (comprised of the core partners) and is built out of six key priorities: ensure a safe transition and a safe start; improve lives through population health and primary care; redesign core services; ensure financial sustainability; create our organisational strategy; and prepare for 2019/20 and beyond.
- 2.91 To meet the MLCO’s ambitions for service delivery which include delivering safe and effective care, the internal governance for the organisation was built upon appropriate design principles. The governance created has been designed to ensure it is able to have effective oversight of in excess of £600 million worth of services per annum from 2019/20 onwards. The governance that has been mobilised to support the delivery of the MLCO, will continue to iterate as the organisation develops particularly in regards to governance that will be developed to support Integrated Neighbourhood Teams. As part of ensuring that the governance is able to effectively support neighbourhood working, all of the governance of MLCO will be reviewed to ensure it is able to support safe delivery of services across the city, this will include fully mobilising a number of additional committees including a Risk and Audit Committee.
- 2.92 Work is currently ongoing in regards to the further development of phase 2 of MLCO which includes further transfer of services into the organisation and timing of that, and Manchester Health and Care Commissioning is in discussions with partners in regards to concluding the proportionate procurement.

MCR Active (entry 44)

- 2.93 The arrangements for Manchester Active Ltd (MCRactive) became fully operational on 1 April 2019, following the TUPE transfer of the Council’s Sport and Leisure Team. As agreed at the Council’s Executive in May 2018, MCRactive has been established as a single governance model for sport and leisure and it oversees the delivery of Manchester’s Strategy for Sport and Physical Activity. MCRactive has been established as a non-profit organisation. Manchester Professional Services Limited are acting in capacity of Company Secretary and working with the Board to continue to strengthen governance arrangements and ensure that all requirements of Companies House are met
- 2.94 Following the Key Decision In May 2019, MCRactive was formally contracted by the Council to deliver Manchester’s Sport and Physical Activity Strategy under a teckal exemption. This was justified on the basis that jointly the

Council and Sport England exercise the same kind of control over MCRactive as they do over their own departments. MCRactive is contracted to provide the leadership and a common narrative for sport and physical activity in Manchester. It manages the performance of the various facility arrangements on the Council's behalf, develops commissioning arrangements to build capacity amongst the voluntary sector and works to provide, protect and activate all sport and leisure provision across the city and to widen access to this provision for Manchester residents in every neighbourhood.

- 2.95 The new Strategy for Sport and Physical Activity was launched in the spring and the ten-year action plan is drafted for completion this Autumn. The new approach also sees Health organisations in Manchester working much more closely and co-investing with Sport England and the Council, with a key remit of tackling inactivity and increasing sport and physical activity participation.
- 2.96 A number of controls have been established with MCRactive to ensure that it delivers on the Council's ambition, these include:
- a) Establishing a services contract and specification between the Council and MCRactive, which sets out the detailed delivery arrangements.
  - b) Establishing regular reporting and monitoring arrangements, which are tracked as part of the Council's Corporate Plan.
  - c) The Board is chaired by the Council with the Council appointing participating Directors in agreement with Sport England.
  - d) The company will be held to account by the relevant Council Scrutiny Committees and Executive meetings – Key Decisions relating to the adoption of plans, pricing, programming, building modifications and resourcing will continue to be made by the Council.
  - e) The Council has deployed Officers such as the Service Head for Parks, Leisure, Youth and Events who will provide day to day senior leadership to the company, whilst retaining current responsibilities and duties in the Council and the Director for Neighbourhoods who also provides Leadership at Board level.
- 2.97 Over the last six months a review of the organisation's Articles of Association has been completed and the revised version is due to be approved by the Board and submitted to Companies House by the end of October 2019. At the same point, the new Directors will be formally implemented; the Board will consist of the following directors: MCC – Fiona Worrall and Cllr Luthfur Rahman; Sport England – Charles Johnson and Serena Jacobs; MHCC – Ian Williamson.

#### One Education (entry 45)

- 2.98 One Education provides a range of Pupil and Business Support services to schools and academies, primarily in Manchester but also some other Greater Manchester areas and West Yorkshire. It is commissioned by the Council to respond to the Education Act 2011 in a positive way, both in terms of the interface with schools and in providing challenge as champions of children in the City. It has its own Board of Directors which includes Council officers, and

reports to the Council. In 2018 the partnership was rated as 'Medium' strength of governance.

- 2.99 The overall financial performance of One Education was positive at the year end 2018-19, reporting an operational surplus. The extension of Service Level Agreements with schools for the next academic year is healthy in a challenging environment. A review is currently underway to consider the progress of One Education and future arrangements, with PwC appointed as consultants. The commission commenced in mid-September and the initial report is currently projected to be completed by late October or early November.

#### Brunswick PFI (entry 50)

- 2.100 This partnership is a contractual agreement between Manchester City Council and S4B, which is a consortium made up of four organisations: Equitix, Galliford Try, Mears and Onward Homes.
- 2.101 Signed in 2013, the PFI contract involves the remodelling of the Brunswick neighbourhood. This will see over 650 homes refurbished; 296 properties demolished; 124 homes to have their orientation reversed to align with the new street layout; 302 new build homes for sale; 200 new build Housing Revenue Account homes (including a 60 apartment extra care scheme) and the creation of new parks, a retail hub and neighbourhood office. A significant amount of this work has now been completed.
- 2.102 Whilst the majority of the governance arrangements are robust, the partnership was rated as 'Medium' governance strength due to there still being concerns around the contractors' capability to ensure delivery timescales were met, as S4B were a long way behind their original completion dates for the refurbishment, new build and infrastructure work programmes. Following the issue of warning notices and discussions at Board level with their funders, this led to recovery programmes subsequently being issued and works have progressed satisfactorily, albeit still behind the original programme dates. Officers are closely involved in the development of the on site extra care scheme which is due to be completed in November 2019.

### **3. Next Steps**

- 3.1 Partnerships will undertake reassessment of their governance arrangements in late 2019. This will include new partnerships that were formed in 2019, including the Housing Investment Fund Phase 2 (Matrix2). It is also worth noting that with regards the National Car Parks partnership, the current joint venture arrangement expires in June 2019. It has recently been agreed that the contract will be extended for 18 months whilst the Council reviews the arrangements and determine what will be re-procured.
- 3.2 Following this, a Register with revised governance strength ratings will be submitted to Audit Committee in March 2020. It should be noted that following the review of senior management arrangements considered by Personnel

Committee on 29 January 2019, the SMT Lead for each partnership will be revised accordingly.

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## Manchester City Council Audit Committee Work Programme 2019/20 and Recommendations Monitor

Item	Lead Officer	Position	Comments	AC ToR
<b>Meeting Date 10 December 2019, 10am (Report deadline 29 November)</b>				
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
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
Review of Code of Corporate Governance	James Binks Vicky Clark	Director of Policy, Performance and Reform 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
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
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
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		

Item	Lead Officer	Position	Comments	AC ToR
<b>Meeting Date 11 February 2020, 10am (Report deadline 31 January)</b>				
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
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
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
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
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		
<b>Meeting Date 10 March 2020, 10am (Report deadline 28 February)</b>				
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 ending 31 March 2020 <i>To consider and comment</i>	2 4.7



Item	Lead Officer	Position	Comments	AC ToR
Register of Significant Partnerships	James Binks Vicky Clark	Director of Policy, Performance and Reform Head of Performance, Research & Intelligence	Annual review of the register of significant partnerships. <i>To consider and comment</i>	4.10 4.12
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
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
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
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		
<b>Meeting Date for April TBC (proposed 7 April 2020), 10am (Report deadline 27 March )</b>				
Draft Annual Governance Statement (AGS)	James Binks Vicky Clark	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

Item	Lead Officer	Position	Comments	AC ToR
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
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
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>	
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
Work Programme and Recommendations Monitor	Andrew Woods	Governance Team Leader		

## **Audit Committee Terms of Reference: as per Constitution (Agreed by Council on 2 October 2019)**

### **Purpose**

1. The main purpose of the Committee is to obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

### **Governance**

2. Review the Council's corporate governance arrangements including consideration of the Code of Corporate Governance.
  - Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
  - Review the governance and assurance arrangements for significant partnerships or collaborations, including the Register of Significant Partnerships.
  - To consider the effectiveness of the Council's risk management arrangements including reviewing the Risk Management Strategy and Policy; and the Corporate Risk Register.
  - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption including oversight of key anti-fraud policies and monitoring of the counter-fraud strategy.
  - To make recommendations to the Chief Finance Officer and Monitoring Officer in respect of Part 5 of the Council's Constitution (Financial Regulations).

### **Financial Reporting**

3. Review and approval of the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
  - Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts and monitor the Council's response to individual issues of concern identified.
  - Approve the Council's Statement of Accounts and associated governance and accounting policy documents in accordance with the Accounts and Audit Regulations 2015.

### **External Audit**

4. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
  - Consider the external auditor's annual audit plan, annual audit letter, relevant reports and the report to those charged with governance.
  - Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Internal Audit**

5. Oversee and provide assurance to the Council on the provision of an effective internal audit service and the main issues arising from Internal Audit work. In particular, undertake the duties of the Board as set out in Public Sector Internal Audit Standards (PSIAS) as follows:
  - Approve the Internal Audit Charter

- Review and approve the risk-based internal audit plan, including internal audit's resource requirements, including any significant changes, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- Receive confirmation from the Head of Audit and Risk Management with regard to the organisational independence of the internal audit activity and make appropriate enquiries of management and the Head of Audit and Risk Management to determine whether there are inappropriate scope or resource limitations.
- Provide free and unfettered access to the Audit Committee Chair for the Head of Audit and Risk Management, including the opportunity for a private meeting with the Committee.
- Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Audit and Risk Management. To approve and periodically review safeguards to limit such impairments.
- Receive the results of the Quality Assurance and Improvement Plan annually and the external quality assessment of internal audit that takes place at least once every five years.
- Receive communications from the Head of Audit and Risk Management on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. To include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the Committee.
- Consider the Head of Audit and Risk Management's annual opinion and report.
- Seek assurance on the adequacy of management response to internal audit advice, findings and recommendations in the form of implementation of agreed action plans.
- 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.

## Treasury Management

6. 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; and
  - approving the selection of external service providers and agreeing terms of appointment.

## Additional role of Audit Committee

7. To overview the Council's whistleblowing policy.

**Delegation:** In exercising the above powers and responsibilities, the Committee shall have delegated power to make decisions and act on behalf of the Council.

**Note:** The Committee may itself determine not to exercise its delegated powers and instead make recommendations to the Council.