

**Manchester City Council
Report for Information**

Report to: Audit Committee - 12 April 2022

Subject: Annual Internal Audit Assurance Opinion and Report

Report of: Head of Audit and Risk Management

Summary

The Internal Audit Section delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the Council. In accordance with Public Sector Internal Audit Standard 2450 this work is required to culminate in “an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

This report provides Members with the Head of Audit and Risk Management’s annual assurance opinion and report on the Council’s system of governance, risk management and internal control.

Recommendations

Audit Committee is requested to consider and comment on the Head of Audit and Risk Management Annual Assurance Opinion and Report 2021/22.

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 four years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

1. Internal Audit Plan 2021/22 (Audit Committee March 2022)
2. Internal Audit Assurance progress reports 2021/22

1. Introduction

- 1.1. This report provides the annual opinion of the Head of Audit and Risk Management with a summary outturn of the work of the Internal Audit Section for the period April 2021 to March 2022. Updates on progress and explanations of the impact of Covid19 on the delivery of the proposed audit plan have been provided to Audit Committee during the year.
- 1.2. The continuing impact of Covid19 on public services throughout 2021/22 has been considerable. It has resulted in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery.
- 1.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) recognised that public service bodies were struggling with considerable challenges and having to make difficult decisions on how best to use their staff and financial resources to meet critical needs; whilst also meeting the professional and regulatory expectations including the need for internal audit arrangements to conform with Public Sector Internal Audit Standards (PSIAS). In response to this challenge, in 2020/21 CIPFA issued [guidance for Chief Audit Executives](#) and those charged with governance on the factors they would need to consider in issuing an annual audit opinion. This guidance is still relevant for this reporting period, and includes the following options:
 - not providing an opinion for 2021/22;
 - providing an opinion but confirming that the scope was limited to the outcome of audit work completed or aspects of governance risk management or internal control;
 - providing an opinion explaining in more detail the other sources of assurance considered in reaching the opinion; or
 - providing a standard annual opinion.
- 1.4. In Manchester, the Head of Audit and Risk Management's approach is to obtain sufficient assurance to support the annual opinion, considering both internal audit work and other sources of assurance. For 2021/22 these sources of assurance include the following:
 - Audit plan and other audit assurance and advisory work completed in year and audit work from prior years, where systems or processes have not been subject to fundamental change.
 - Content of the Peer Review that concluded in 2021 and the outcome of other reviews and inspections including the OFSTED & CQC review of Special Educational Needs in the City and the External Audit of the accounts.
 - Consideration of existing Council strategies, policies, and procedures. cumulative audit knowledge and experience of how these are applied and the key controls in place to ensure policy compliance. This includes a robust process for the development of the annual governance statement and the register of significant partnerships.

- Review of the key assurances from Executive, Scrutiny Committees, Strategic Management Team, and Directorate Leadership Team reports including business plans, risk register updates, performance reports and financial reports.
- Data and information governance oversight through active involvement on the Corporate Information Assurance and Risk Group (CIARG) chaired by the Senior Information Risk Owner and established to provide assurance that effective information governance and ICT security controls are operating, for managing, safeguarding and making best use (within legal constraints) of information.
- Regular engagement with Directors and Heads of Service to understand key risks and issues; and assurance over how these have been addressed.
- Review of risk registers and of management actions taken and being planned to respond to key risks at programme, directorate and strategic levels.
- Attendance and review of minutes from project groups and boards. This has included a range of ICT projects and related task/finish groups; Covid19 response and recovery groups; organisational change and assurance groups such as Best Value Task and Finish and the Future Shape Programme; and teams set up to respond to emerging demands such as the Council Tax 'rebate' and the Afghan and Ukraine support schemes. Through this involvement Internal Audit has an understanding of what the Council is doing to respond and lead change activity; and the approach being taken all of which adds to the assurance assessment.
- Awareness of corporate developments and actions being taken to manage risk and maintain good governance through internal assurance sources such as finance, HR&OD, estates, health and safety and ICT (Information & Communication Technology).
- Extensive grant certification and assurance across a range of Covid related grants and other grant funding streams including Public Sector Decarbonisation Scheme, Highway Maintenance Incentive Scheme, Council Tax Energy Support Grant, and the Covid Contain Outbreak Management Fund.
- A high-level Internal Audit assurance map of key aspects of governance, risk management and control (appendix one).

1.5. The Internal Audit Plan proposed for 2022/23 contains some work carried forward from 2021/22, following an assessment that this work remains valid in terms of priority and continuing risk exposure. An element of contingency has also been included to continue to support and assure any additional Central Government support schemes and conclude existing caseloads; where grant related fraud and error is suspected.

2. Overall Opinion

- 2.1. This audit opinion focuses on the year to March 2022.
- 2.2. The Council's ongoing response and recovery approach to Covid19 has been led by the Executive and the Strategic Management Team. This has included the critical role of the Director of Public Health and his team and delivery against a 12-point plan for response and recovery with Executive and SMT leadership and oversight with City-wide partners. There have been strong and effective links across partnerships within the City with health and other partners, across Greater Manchester (GM) and national levels including regular engagement with Public Health England, NHS and Government to ensure an effective response to, and recovery from, Covid19.
- 2.3. Council risks have continued to be managed through an agile process of assessment and response. This has enabled an effective response to Covid variants and the impact of the Omicron variant in late 2021. The Council has responded flexibly to these demands and utilised existing business continuity, emergency planning and risk management disciplines to support decision making. As the direct impact of Covid19 has started to reduce during the year there has been a transition back to core risk, workforce and performance management arrangements albeit the continued transmission and impact of the virus in communities and across the workforce remains an area of risk and ongoing focus.
- 2.4. The lessons learned from Covid19 have been used to build back better with new arrangements for ways of working, organisational development, resident engagement, customer service and project management as examples of how change enforced by the pandemic has been applied in the development of positive new approaches. Whilst the legacy impact of Covid19 continues to present a significant risk to residents and businesses across the City as illustrated in the annual [State of the City](#) report, the Council has stabilised core systems and processes and is in a strong position to respond to further change and challenge.
- 2.5. The Council continues to develop and deliver an ambitious programme of change across all areas with a range of key priorities being delivered. These have included the transition of the Northwards Housing ALMO into the Council, the further development of integrated health and adult social care, a review and planned redesign of the approach to the corporate core, ICT investment and roll out of new technology and devices, continued strengthening of practice in Children's Services, embedding of neighborhoods based working models and the development and delivery of a range of programmes and projects. This scale of ambition, vision for the City and the approach being taken was positively and independently acknowledged in a corporate Peer Review.
- 2.6. In terms of the year to March 2022, the Head of Audit and Risk Management can provide **reasonable** assurance that the Council's governance, risk and control framework was generally sound and operated reasonably consistently in the year. This is an equivalent opinion to that issued in the previous five

years and reflects that overall governance, financial management arrangements and core systems and processes within the Council remained effective despite sustained challenges presented by the pandemic. It is the opinion of the Head of Audit and Risk Management that the strength of these core governance, risk and control systems and the capability, commitment and agility of the workforce and leadership have been a key factor in enabling deviation from standard ways of working and in providing an effective response, recovery and transformation approach during the year.

- 2.7. In forming the above opinion, the Head of Audit and Risk Management has considered sources of assurance and the key strengths and areas for development from this process include the areas set out below.

Key Strengths

- 2.8. The 2021 Corporate Peer Review stated Manchester is a first-class Council. Positive assurance can be taken from the review and resultant [Feedback Report](#) that has been published on the Council website. The report reflected the strength of leadership, governance, and financial stewardship; and a culture of internal challenge reflected in positive comments regarding public engagement, community-based service delivery models and member scrutiny. The Our Manchester approach was recognised as integral to the Council's ways of working and the review team saw evidence of this operating in practice.
- 2.9. The Peer Review includes a wide range of other positive observations and rightly highlighted areas for ongoing focus. These recommendations include the need to sustain focus in priority areas including equality, housing and homelessness, neighbourhood working and children's services; noting that to deliver on the ambitious agenda for the Council and City means that capacity and capability needs to be subject to ongoing review. These observations have been captured in a plan with corresponding actions agreed to embed this learning in the development of future strategies and approaches.
- 2.10. 2021 also saw a positive review by OFSTED and the Care Quality Commission of how the Council and partners have implemented special educational needs and disability reforms and Ofsted are currently conducting a full inspection across Children's Services. Across Adults Services the Better Outcomes Better Lives Programme and work with health partners on the integration of services and support for residents has continued to develop and deliver positive ways of working and greater alignment of resources.
- 2.11. Integration is a key element of the Future Shape Programme that sets out the framework within which the Council will develop its structure and approach to achieve the aims set in the Our Manchester Strategy and Corporate Plan; taking a strengths based approach to those who require support and services, by working with voluntary, community and public sector partners, by understanding and responding to neighbourhood needs and by having a purposeful and effective corporate core.

- 2.12. Over the past two years, the Our Manchester behaviours have been evident in the resilience, commitment, and adaptability of officers across the Council to respond to the pandemic. The approach of working across teams and with partners, placing residents and communities at the heart of all we do and responding positively to change has been evident throughout Covid response and recovery. In 2021/22 these behaviours were refreshed and a fifth added to reflect the organisational commitment to equality, diversity and inclusion (EDI), both within the workforce and in the design and delivery of support for residents. Work on strengthening a consistent organisational-wide awareness of EDI has continued with positive evidence of change, of staff engagement and representation and of understanding as evidenced through programmes leadership and while workforce training with a focus on race. This continues to be a key priority for 2022/23.
- 2.13. The Council's strategic objectives and priorities continue to be set through a clearly defined process that remains robust. This remained the case for 2021/22. They are aligned with the strategic aims set out in the Our Manchester strategy and are underpinned by a clear programme of officer engagement and communication, to ensure that all officers understand how their individual contribution impacts. Officers are supported and developed through the Our People and About You approach and robust processes link priorities with business objectives, business planning, budgets and workforce planning and are governed by timely and appropriate layers of officer and Member challenge and scrutiny.
- 2.14. Council performance was monitored and reported through a clear framework of officer and Member governance arrangements including defined structures, decision-making responsibility, oversight and scrutiny that are used to highlight areas of strength and areas for further development, investment or disinvestment. This provided early warning of key risks for example through a process of robust, timely budget monitoring. The Code of Governance clearly defines requirements and conformance has been assessed through a well-embedded and comprehensive Annual Governance Statement process. Arrangements for performance reporting and the effective use of information and intelligence have been sustained, with the use of data remaining a key strength and area for ongoing development as highlighted in the Peer Review.
- 2.15. The Council's risk management arrangements have been robust in the year and provided a sound basis for active decision making. The core risk management process continued to be operated with formal directorate and corporate risk register refreshes having taken place in year. The latest risk update was discussed at SMT in March 2022 and will be reported to Audit Committee in line with the annual work programme. The review confirmed ongoing focus on a range of key risks with the highest risk areas being agreed as: medium term financial resources; economy of the City; achieving net zero carbon; health and social care reform; cyber security; and the capability/capacity of the workforce to deliver on the wide range of response, recovery, change and service delivery priorities. The review also highlighted current concerns over the impact of inflation and energy price rises on budgets and the costs of contracts and this is an area where the Corporate

Procurement and Commissioning Team are continuing to provide valuable support.

- 2.16. Effective communication has remained a key strength; both in engaging residents and businesses during the pandemic and in the engagement of staff. This approach has been sustained throughout the year with strong, active communication of public health messages and provision of online resources to support staff and managers. Communications have been supported through active face to face and virtual engagement and 2021/22 has seen the resumption of larger in-person events including Awards for Excellence that have acknowledged and celebrated the impact and achievements of teams and individuals from across the Council over the last 12 months.
- 2.17. ICT Services have continued to develop and deliver on key priorities despite the global challenges faced in securing new technology. The end user device project has delivered new laptops and infrastructure across all Council services and this will continue into 2022/23 as older technology is removed from the estate. ICT have continued to focus and invest in core infrastructure upgrades and maintained a strong focus on cyber risk management with technological and behavioral elements featuring strongly in the response. Mandatory training has been rolled out and completion is being tracked on the basis that this should be a pre-requisite for anyone accessing Council ICT systems. Cyber resilience and response planning are areas of ongoing focus for 2022/23 and Internal Audit will support development in this area through assurance and advice.
- 2.18. Core financial systems have continued to operate well with teams across finance, revenues and assessments working flexibly to deliver core services and respond to new priorities for example, in the design of schemes for Omicron related financial support for residents and business, the energy 'rebate' scheme and in developing payment processes for the Homes for Ukraine Scheme.

Risks and Issues Arising from Audit Work

- 2.19. Audit work in the year did not result in the issue of any 'No Assurance' opinions. As reported to Audit Committee meetings in the year there has been an increase in the number of 'Limited' opinions given for school financial health checks. In part this is a result of audits being focused in schools where there have been known risks and issues; or where there has been a change in leadership or management. Education Services, Finance and Internal Audit are taking action to address these, via focused engagement with the school's management teams, and more widely, through attendance at organisational seminars with Head Teachers and Governors, to promote best practice, training and awareness. This is a key area of focus as schools return to normal operations post Covid and an update on assurances and support activity is planned for Audit Committee in July 2022.
- 2.20. Audit work has been completed in Housing Operations following the transfer

of the Northwards Housing ALMO and conclusion of the 100-day integration plan. Working closely with management, we reviewed the developing governance and oversight arrangements and concluded these were reasonable. This was referenced in a wider report to Resources and Governance Scrutiny Committee. Working with management we identified areas of potential risk for audit and this included a review processes to manage void and empty properties. This audit resulted in limited assurance, with significant priority recommendations made to consolidate information and aid better decision making. As Housing Operations continue to be embedded within the Council, senior management are keen to focus audit resources in areas of high risk or where there are potential areas for development. Whilst this may result in low levels of assurance and further recommendations, we consider this to be a positive approach and a culture of focusing on areas for improvement is one we will continue to support in 2022/23.

- 2.21. Our review of Client Financial Services (Appointeeships) also resulted in a limited assurance opinion, primarily due to inconsistencies over the handling of cash in area offices, where client's personal allowances were being administered. Some of this had resulted from pandemic restrictions and a need for paperless workarounds, however we identified process improvements that were needed to maintain an effective system of control and achieve greater efficiency. From management updates on progress there is a good level of confidence that recommendations will be addressed by May 2022 as there is evidence of progress being made in addressing some of the most critical issues already.
- 2.22. With continued focus on highlighting areas for improvement and a programme of change through the Better Outcomes Better Lives (BOBL) programme there have also been areas of Adults Services identified in the year where further work is needed to strengthen systems of control. There is a positive culture of learning across the Directorate and management have utilised BOBL and support from Impower as well as other partners, to focus reviews in areas including direct payments and safeguarding where areas for improvement have been identified. Similarly, there have been delays in embedding a formal quality assurance process in line with original timescales. There is an obvious, unprecedented impact on Adults Services from the pandemic that has led to delays in some of these areas but the BOBL is a solid framework and should provide a basis for strengthening these areas for development.
- 2.23. Other areas of risk beyond audit opinion work include systems for adults and children's payments which have been impacted by changes in systems and process. More audit work in these areas is planned for 2022/23 as there have been data quality challenges following the move to new systems (Liquid Logic and Controc) and there have also been overpayments that have been referred to Internal Audit for investigation. Management and finance have been addressing these issues but there remains a level of risk in this area.
- 2.24. Whilst it is positive that many high priority audit recommendations have been fully addressed in the year there have been a small number of long overdue actions, with a couple in Adults Services that have been tracked by Audit

Committee. Whilst actions have been taken on these issues, they illustrate the potential risks involved in working across internal and external partnerships to ensure that agreed actions are addressed in a timely manner. This will be an integral part of discussions with auditees in 2022/23 when management actions are being agreed in response to audit reports.

- 2.25. The Council budget setting and monitoring processes remain robust. The approval process for finalising the Council's financial accounts has been impacted by a combination of national valuation directives regarding infrastructure, and requirements for more in-depth valuations of these assets. This has been compounded by absence of key personnel from the Council, the quality of some of our asset data and ability to extract the right reports from accounting systems. Lessons learnt will be considered and this work is underway.
- 2.26. Overall and despite these areas for improvement, there is strong evidence of the Council being well managed, focused on core priorities, leading the response and recovery to Covid19 and maintaining robust core systems that provided a strong basis to enable an effective response to new challenges, demands and the needs of Manchester residents, businesses and partners.

3. Audit Plan Delivery

- 3.1. Internal Audit had to adapt its service approach in 2020/21 to minimise impact on services leading the Covid19 response, to enable them to concentrate on urgent, critical pandemic related activities. In 2021/22 this impact has reduced but there has been an ongoing impact as audit have continued to support Covid related work in respect of business grants and funding claims, with advice and assurance. Additional support schemes launched in response to the Omicron variant in late 2021 required further audit support and Government requirements for post payment assurance and the investigation of false or fraudulent claims continues. The service has been able to reduce the impact of these commitments and refocus on core audit activity, however we are conscious that further funding streams are likely to emerge, for example the recent Energy Grant and Homes for Ukraine programme, so an element of contingency to support this type of emergent work and other risks that may arise has been allocated within the 2022/23 Internal Audit Plan.
- 3.2. Assurance activity and counter fraud work has been delivered and has been used to inform the annual audit opinion along with other sources of assurance. The table below provides a summary of audit and assurance activity for 2021/22 based on the approved audit plan and subsequent amendments, which were provided to Audit Committee in the year. Outputs include audit reports, management letters and advice and guidance as well as support to management on the Covid19 response and recovery.
- 3.3. The original, approved audit plan was significantly impacted by Covid19 and the impacts and implications of this were presented to Audit Committee throughout the year. There has also been a delay in progressing some of the planned work in Children's Services given the current focus on supporting

OFSTED inspection activity.

- 3.4. Previous updates as reported to Audit Committee are included within the table below and show progress to completion of the plan. Some audits and discovery reviews have been deferred and these are included in the 2022/23 audit plan as set out in Table 1.

Table 1: Status of Planned Audit Outputs 2021/22 (to 31 March 2022)

Status	November 2021	February 2022	March 2022
Final	23	36	43
Draft	6	2	2
Fieldwork Completed	6	4	8
Fieldwork Started	2	15	13
Planning	12	9	6
Not Started	26	6	0
Total	75	72	72
Cancelled	0	0	0
Carry Forward	2	11	11

- 3.5. A key area of focus in year has remained the work with colleagues in finance, skills, policy, revenues and corporate assessments teams to develop, design and support implementation of new systems and control processes for the administration of the Covid support and energy grants; post-payment assurance requirements for all covid related grants; and respond to risks of fraud and error. Table 2 presents a summary of the schemes in 2021/22 in which Internal Audit have provided support and assurance.

Table 2: COVID19 Related Grants – Internal Audit Assurance and Support

Scheme	Audit Role
Covid19 Rates Relief Schemes	Support
Local Restrictions Support Grants: Process Design	Support
Local Restrictions Support Grants: Prepayment assurance and verification checks	Assurance
Additional Restrictions Grant: Process Design	Support
Additional Restrictions Grant: Prepayment assurance and verification checks	Assurance
Restart Grants: Process Design	Support
Covid Compliance & Enforcement Grant	Certified
Cultural Recovery Grant (Parts 1 and 2)	Certified
Community and Cultural Grants: Process Design	Support
Community and Cultural Grants: Verification checks	Assurance
Restart Grants: Prepayment assurance and verification checks	Assurance

Scheme	Audit Role
Additional Restrictions Restart Grants: Prepayment assurance and verification checks	Assurance
Omicron Hospitality and Leisure Grants: Prepayment assurance and verification checks	Assurance
Additional Restrictions Omicron Grants: Prepayment assurance and verification checks	Assurance
All Schemes Assurance: Business Grants: Post Payment checks	Ongoing into 2022/23
Covid19 Protect and Vaccinate Grant	Certification in progress
Covid19 Contain Outbreak Management Fund	Certification June 2022

4. Audit Assurance, Risks and Issues

- 4.1. The sections below describe key assurances and issues arising from the annual audit plan and other sources of assurance for 2021/22. Details have been included in reports to Audit Committee throughout the year and the status of all audit work is shown at Appendix Two.

5. Children's Services and Education

- 5.1. Children's Services have been the focus of two significant inspections by Ofsted during the year. In November 2021, Ofsted and the Care Quality Commission conducted a joint inspection of Manchester to judge how effectively the 'local area' had implemented the special educational needs and disability reforms introduced in 2014. The outcome letter following this inspection and a report detailing the findings was presented to the Children and Young People Scrutiny Committee in March 2022. Overall, the findings from this review were positive as the inspectors found that leaders have a clear vision for improving the outcomes of children and young people with SEND and that this vision is well documented. There are clear action plans in place to address the recommended improvement actions from this inspection.
- 5.2. The 2021/22 plan included an audit of the Local Authorities SEND Local Offer, we agreed with management that given the inspection included a detailed review of the offer, this audit would be a duplication and therefore agreed to take assurance from the inspection. The inspection was positive but did identify areas for improvement in relation to the communication and sharing of the offer with families. We are satisfied that an action plan is in place to support actions being taken to address the issues raised. We added to this work through a focused review of the accessibility of information for the local SEND offer. This provided reasonable assurance as the website information was good and a range of channels were used to communicate with residents. We did note there were opportunities to further promote the offer more widely to help ensure a greater level of awareness for families seeking support.
- 5.3. Ofsted are also in the process of finalising a full inspection of Children's Services. Once completed this inspection will provide a crucial assessment of

the service and highlight areas for improvement where necessary. We plan to work with management once the results are reported to develop the detail of our 2022/23 audit plan to ensure this is aligned to priority actions from the inspection.

- 5.4. We have completed two audits within children's and education services and have five further audits currently in fieldwork, the completion of which has been impacted by directorate preparation and support for inspection.
- 5.5. We reported to management and to GMCA over Manchester's use of Supporting Families funding, in line with the agreed Audit and Monitoring Framework; to enable GMCA to provide onward assurances to Government that GM Local Authorities were meeting the minimum expectations of the national programme. Reasonable assurance was provided as local systems were designed to support the delivery of the Supporting Families Programme and there were appropriate levels of compliance with the key requirements and standards of the updated framework.
- 5.6. A follow up audit was completed on Planning for Permanence to confirm implementation of recommendations. This audit concluded that all recommendations had now been fully implemented and there has been a significant reduction into the previously reported exposure to risk in this area. The Deputy Director of Children's Services also attended Audit Committee to provide more details on the approach being taken in this area.
- 5.7. We have completed fieldwork for the Supervisions audit and although yet to formally report can confirm that whilst there will be recommendations for improvement, the timeliness of the supervisions was positive overall with the majority of staff receiving the expected number of supervisions during our period of testing.
- 5.8. Internal Audit have been engaged in aspects of the Early Years Education System (EYES) project; supporting colleagues to help them address risks to the delivery of the change in moving from the One System to Liquid Logic. A programme board was established with a wide range of stakeholders but there were challenges in the delivery of the project to required timescales. This meant that a substantial amount of work was required from the Early Years' Service, the Performance, Reporting and Intelligence Service, ICT and from external advisors to be able to meet statutory deadlines. The Director of Children's Services and Director of Education have overseen a smaller group of key officers who drive this project forward and used Internal Audit to support lessons learned. From this they took steps to strengthen internal project management capacity for this project which had become dependent on a specialist advisor for both technical input and project management support; and to streamline the governance arrangements to ensure that a focused group of officers and partners would oversee the completion of remaining aspects of the project.
- 5.9. We are reviewing finance data in relation to possible duplication of foster care and staying put payments, in a limited number of cases. A key focus of this

work is to confirm the extent of the issue and root cause, initiate any recovery and recommend how existing system controls can be strengthened.

- 5.10. We completed six school financial health checks during the year with four issued as final and two as draft. As reported to Audit Committee in November all final audit reports in the year to date have resulted in limited assurance opinions. The schools selected for audit this year were agreed with the Council's Schools Assurance Group (SAG) as there were existing concerns over the management of finances, so resources were focused to support improvement. It is evident that control frameworks have also been impacted by the disruption caused by Covid19, but it remains critical that governors and headteachers ensure that essential governance and control systems are fit for purpose and comply with Schools Financial Regulations. Internal Audit have emphasised this requirement as part of the process of collating School Financial Value Standards (SFVS) returns which are required for onward reporting from the Council to the Department for Education by May 2022.
- 5.11. The reasons for the issues arising in school audit reports have been discussed at Audit Committee and raised with education and finance colleagues at the quarterly SAG meetings. Following submission of the SFVS return a circular with input from Internal Audit is to be issued to schools from the Director of Education reminding them of the need to ensure the completion of all key financial controls and reconfirming minimum key controls. This will include any themes arising from the SFVS returns and will highlight procurement, bank reconciliations and other areas that are essential to good financial management in schools. Linked to this we are exploring whether remote sessions can be set up with Business Managers and Head Teachers to share learning and offer advice in particular areas of risk, such as high value procurement.

6. Adults Services and Public Health

- 6.1. Adults Services are delivering a wide-ranging transformation programme, Better Outcomes, Better Lives (BOBL) for Adult Social Care (ASC). This launched in January 2021 and builds on work to integrate health and care in Manchester, the previous Adults Social Care Improvement Programme and other transformation activity. The programme has been developed alongside work to develop the 2021/22 budget and is designed to deliver savings on the ASC budget.
- 6.2. During the year we audited the BOBL Governance arrangements and provided substantial assurance that the governance, monitoring and challenge arrangements effectively support delivery of the BOBL Programme. There was a clear and transparent governance structure with clear lines of accountability through the Manchester Local Care Organisation (MLCO) Executive Board and arrangements below the Programme Board to deliver priority areas through six workstreams.
- 6.3. An audit of Appointeeships within Client Financial Services resulted in a limited assurance opinion. This identified inconsistencies over the handling of cash in area offices, where client's personal allowances were being administered; to

continue to operate 'paperless' under the pandemic restrictions. Processes have since been reviewed and revised following the easing of lockdown, through liaison with colleagues within the Corporate Services Finance team. We will conduct a formal follow up audit in 2022 to confirm effective controls are restored.

- 6.4. Our audit of Technology Enabled Care provided a reasonable assurance opinion over the effectiveness of controls. Several areas of good practice were identified however the assurance opinion was tempered by concerns regarding the absence of contracts with some service users and the lack of a robust testing scheme once care equipment had been installed. The service is currently experiencing a period of rapid change and there is an increasing amount of technology available, which provides the opportunity for the service to expand its offer to citizens. At the same time, there is a mandate from the BOBL programme to increase the uptake and usage of digital technologies. Together this had led to a renewed focus and impetus to the service and a commitment to realise the potential of technology to both increase the scope and scale of the offer and improve outcomes for citizens.
- 6.5. We have yet to finalise our work on **Interim Quality Assurance Arrangements**. At this stage we do not expect to be able to issue a positive assurance opinion as there have been delays in developing and implementing the interim arrangements during the year and as a result there has only been one full cycle of quality assurance reviews completed. We have agreed that this review will focus on a summary of progress with a view to doing a more detailed opinion audit focused on embedding the framework in 2022/23.
- 6.6. Fieldwork for the audit of Management Oversight and Supervisions is nearing completion and arrangements have improved since the last audit of this area. There is now a framework for completing supervisions in adults that includes expectations around timeliness and content and model documents are provided for staff to support consistency of approach. Arrangements are also being developed to monitor and report on compliance with supervision requirements and to review the quality of supervisions through an agreed quality assurance audit process.
- 6.7. Work on Adult Payments is underway and is focused on improvements being made through the payments stabilisation programme. This has been an area of high risk, with data quality issues resulting from a change in systems and business processes. We are aware of improvements having been made in the year and a brokerage team is being established to help improve the integrity of recording and reporting of payments. This is included as an area of focus in the 2022/23 audit plan.
- 6.8. An audit of Direct Payments had been proposed but management had already commissioned the Greater Manchester Health and Social Care Partnership to complete a review of the current personal budgets offer in summer 2021. This led to a report and 22 recommendations being made. This did not provide positive assurance as issues were noted in relation to policy, assessments, indicative budgets, support planning, payment, Personal Assistant training and

the review process. The approach to address issues identified in the review was to establish a Project Team and plan of action to deliver the improvements with the Assistant Director of Adults Services acting as the Senior Responsible Office (SRO). An audit is planned in 2022/23 to provide assurance over progress being made to deliver the action plan and address issues reported from this review.

6.9. We had planned an audit of Multi-Agency Safeguarding Arrangements, but the Manchester Safeguarding Partnership commissioned an external review in December 2021 (including both Adults and Children's Services and in January 2022 it was agreed to include a safeguarding transformation programme for Adults in the BOBL programme. This included a detailed baseline review of safeguarding arrangements by Impower and a detailed plan of actions to develop safeguarding arrangements.

6.10. What is clear from the work is that there are development opportunities in relation to the Multi-Agency Safeguarding Hub coming out of the review. Areas for improvement include the hub is appropriately staffed, particularly at a managerial level; and that action is taken with partners to improve their understanding of safeguarding concerns, to help reduce the demand on the team and focus on issues that represent actual, genuine safeguarding concerns that require action. These areas for development have all been covered in the transformation plan. Given the substantial assurance obtained over the governance of the BOBL framework we are assured that it provides the necessary structure to support implementation of the improvement plans. We therefore agreed that future audit work will be planned once revised arrangements have been developed and implemented.

7. Corporate Core

Information and ICT

7.1. The Council has a clear strategy and roadmap for ICT development, and this has continued to be delivered in 2021/22 against a backdrop of a challenging market for the supply of technology. The service has adapted to support new ways of working and in year has led a roll out of new devices with much more focus on an agile approach to ICT provision based on roles and the technology needed by different types of staff. Alongside this have been projects to equip offices with more modern technology to support remote working and virtual meetings and this will continue into 2022/23.

7.2. Cyber security is acknowledged as a key risk and the Council has invested in resilience and security measures and is undertaking regular assessments to ensure the ICT infrastructure is up to date and that vulnerabilities are addressed. This positive position is reflected in the emergent findings of a review being finalised by Internal Audit. The ICT Security Team have worked with the ICT Operations Team to lead this work and have launched revised cyber security training that is mandatory for all staff. The messages on cyber security risk have been emphasised in corporate communications and further work is planned to review and strengthen arrangements in this area.

- 7.3. Support has continued to be provided on several key Council projects that have a core ICT element, including Data Centre Optimisation, Payment Card Industry Data Security Standard and End User Devices and the methodology for delivering these projects continues to work well. There is an audit underway on End User Devices focused on the controls over ongoing replacement. This will be reported to management and Audit Committee in 2022/23 but despite substantial delays in securing new devices given worldwide shortages, this programme has worked well and delivered new technology at scale across the workforce.
- 7.4. A key project for 2022/23 is the Resident and Business Digital Experience (RBDXP) Programme. This includes the replacement of the CRM (Customer Relationship Management) system used by Customer Services to radically improve how the Council interacts with and supports residents. Internal Audit have been involved in the approach being taken on this project and at this stage are assured that this is suitably scoped and being delivered effectively.
- 7.5. An audit of information governance has been completed and the report is being drafted. This focused on assurance over Privacy Notices and whilst acknowledging that there is scope to better engage and inform individuals as to how their data is being used, it notes that there are sound processes and arrangements in place in this area.

Financial Systems

- 7.6. Significant resource has continued to be required to support Omicron Hospitality and Leisure Grants payments and grant schemes funded through the Additional Restrictions Grant. Payments on these schemes closed on 31 March 2022. Internal Audit are delivering post payment assurance in relation to all schemes as specified by Government and work will be required in this area until at least June 2022 with Government indicating further work may still be required after this time. We have also supported the required reconciliation processes required led by Corporate Finance. Having been involved in the design and operation of these schemes since Spring 2021 Internal Audit have a positive level of assurance that the controls are well designed and that appropriate, proportionate levels of validation and due diligence have been completed in advance of payments. There have been instances of fraud and error identified that are being followed up, but these are relatively small in number and do not highlight any systemic issues of concern. External Audit sampled payments as part of their work and highlighted some possible anomalies that Internal Audit reviewed and were able to confirm that there were no errors or issues arising from this review.
- 7.7. This learning has also been applied in the development of the approach to the Government energy 'rebate' to be paid to qualifying Council Tax households. The experience of the revenues, corporate assessments and internal audit services in developing the Covid19 business grant schemes has informed the approach to this new scheme and whilst it places additional demands on teams, the proposed approach to delivery is sound.

- 7.8. All required national and European grant certifications have been completed in line with relevant deadlines, with no significant areas of concern identified. Internal Audit also completed an “on-the-spot” visit to one of the grant teams, as required by the European funder, prior to their final grant claim due in May 2022.
- 7.9. Following previous positive results, a further recovery exercise has been commissioned to review standard payments made by the Council between 1 June 2019 and 31 March 2022. The previous exercise led by Internal Audit with support from finance reviewed five years of payment data and returned approximately £380k back to the Council. We are working with Finance to explore how the use of other software solutions and the emergent project for the replacement of the core financial system (SAP) can be utilised to further minimise the risk of duplicate or overpayments.
- 7.10. Issues relating to late completion of the audit of the 2020/21 accounts have been highlighted at SMT and Audit Committee. There are system-wide challenges in the delivery of local authority external audits and lessons learned in how the Council has approached and delivered the close-down process and production of the accounts with areas for further improvement having been highlighted through this process. Internal Audit will follow up on this as part of the 2022/23 audit plan as the delivery of a timely, robust audit that is focused on key financial reporting risks is a critical component of the Council’s governance framework.”

Capital Programme

- 7.11. In March 2021 Internal Audit, in conjunction with the Directors of Capital Programmes and Highways, commissioned an independent review of the Council’s capital programme with a focus on Financial Management and Investment Planning; Programme Governance and Reporting; and Management of Project Delivery. This work was completed and fed into a report to Resources and Governance Scrutiny Committee in September 2021. The review highlighted opportunities to further standardise and promote consistency of approach across different aspects of the capital programme in areas such as financial planning, risk management and reporting. This review and the findings from other audit work have been incorporated into a review of the capital programme being delivered through workshops facilitated by FutureGov, as part of the Future Shape (Core) programme. This work will result in proposed future operating models, approach and standards and will incorporate the recommendations from the independent review.

Commercial Governance

- 7.12. Internal Audit has been involved in a Best Value Task and Finish group that was created to provide assurance and reflection, following the review at Liverpool City Council and other similar reviews and audit / inspection reports. The objective of the group was to assess potential areas of risk and agree any improvement actions required. The review confirmed that the Council’s governance and control arrangements were strong and whilst identifying some

areas for improvement it did not highlight issues of concern. Areas for further focus helping all relevant staff to maintain a strong awareness of the Council's Constitution and supporting officers who act as company directors with a programme of support and training. The agreed actions were reported to the Commercial Board which is overseeing steps to completion.

- 7.13. The strong governance of the Council has been further demonstrated by members of both Resources and Governance Scrutiny Committee and Audit Committee having requested reports and details on the role of the Commercial Board, the review of significant partnerships and seeking assurance that lessons learned from local authority governance and company failures have been considered by officers during the year.

Our Town Hall

- 7.14. The review of the Our Town Hall contract work packages provided a reasonable assurance opinion. There was a robust change process in place driven by input and communication between the key parties involved and there were adequate systems for evidencing and managing any changes agreed and approved. We made a recommendation concerning the reconciliation of differences identified in the cost information reported by the management contractor and quantity surveyor and are assured as this has been resolved as implemented. We are in the process of planning the next work package review as part of a series of reviews throughout the life of the project. We also continue to receive and review project board minutes and from this are assured that good governance arrangements continue to be in place.

- 7.15. A similar Internal Audit review of two work packages on the Factory Project is scheduled for completion in quarter one of the 2022/23 audit plan.

Estates Services Review

- 7.16. Following a leadership restructure and the move of the Estates Service from Growth and Development to Corporate Services in 2021, we provided an overview of the arrangements for prioritisation, planning and performance management within the Estates Service. We concluded that there was clarity over the priorities of the service and there were proposals to develop the performance management framework further, which should help to manage ongoing delivery of priorities and objectives. We support the refresh and re-establishment of the functions of the former Estates Board, to ensure there is a strong oversight for estates activity and we consider that the fulfilment of this role by the Strategic Capital Board is a positive move that will further develop the coordination between the delivery of estates related priorities and the associated funding and capital requirements that link to these.
- 7.17. Following on from this review Internal Audit is reviewing arrangements for the selection and prioritisation of work for inclusion on the Asset Management Plan, with a focus on Neighborhoods' assets. This will be concluded in quarter one of 2022/23.

8. Procurement, Contracts and Commissioning

- 8.1. The Integrated Commissioning and Procurement (ICP) team have continued to provide support and guidance to services in their procurement and commissioning activity. The team have also been integral in driving forward the climate change / zero carbon agenda through sustainable procurement as demonstrated by the Head of ICP role in leading on workstream three of the Climate Change Action Plan 'Reducing Consumption – Emissions & Influencing Suppliers'. Social value continues to be a key area of focus in Council contracts with the Social Value Policy refreshed during 2021.
- 8.2. A Commissioners and Contract Leads group continues to meet and provides an opportunity for the provision of key cross cutting guidance and support with recent updates provided on inflation and price increase requests from suppliers, contracts with companies with Russia/Belarus ownership, publication of forward procurement plans, contract management and social value updates.
- 8.3. Work with suppliers continues through the publication of guidance to assist them in the completion of tenders and we understand the provision of training to suppliers SMEs is being explored to maximise the value obtained from Council contracts.

Carbon Reduction in Procurement

- 8.4. Internal Audit provided a high-level overview of the corporate arrangements to support the delivery of carbon reduction through procurement. The importance placed on zero carbon across the City was evident and work was underway to embed this objective in all services across the Council. There was recognition of the significant role that contracts can play in supporting carbon ambitions and we were satisfied that work has commenced to use the Council to influence and encourage change within supply chains. This was particularly evident through the adoption of a 10% weighting for environmental factors in tender evaluations and the provision of support through published guidance for prospective suppliers to help them in maximising their bids.
- 8.5. To ensure we keep pace with our climate ambitions and targets it is vital to continue this momentum and to progress with proposals for capturing and analysing meaningful baseline data and the subsequent environmental benefits achieved from Council contracts. The role of the contract manager will be key to ensure any commitments made as part of the tender are monitored, validated, and reported and acted on accordingly.
- 8.6. We acknowledge the significant challenges in capturing this information consistently across Directorates but are assured through our discussions with management that they recognise the benefits this will bring in measuring the impact. Guidance and support for commissioners should be finalised in a timely manner to support colleagues in fulfilling a robust tender evaluation process which will maximise the benefit obtained from our contracts and therefore maximise the positive impact on our communities.

Waivers and Contract Extensions

- 8.7. In December a final report was issued for the review of Waivers and Contract Extensions. The key findings of this audit were reported to Audit Committee in November 2021. This did not highlight major issues of concern but did note that there was non-compliance with the Constitution which in our opinion was a result of formal delegations being too restrictive. This was issued with a reasonable assurance opinion and work is being taken forward by officers to address the issues identified which includes working with Legal Services to explore potential revision to the Constitution.

Follow Up Review – Children’s Placements

- 8.8. A follow up of recommendations made in the review of Placement Finding Activities audit in 2021 confirmed that one of the recommendations had been implemented and the other three had been partially addressed. Whilst we were able to confirm positive progress in strengthening payment controls since our last audit, we also intend to use the findings of a current audit of Foster Care Payments to provide additional assurance using data analysis techniques. This review is designed to identify any cases of potential duplication and links to concerns raised with Internal Audit in respect of several cases of overpayments in the year. This work is underway, and the outcome will be reported to management and Audit Committee in quarter one 2022/23.

Supplier Due Diligence

- 8.9. Reasonable assurance was provided over arrangements to assess suppliers’ financial resilience. Whilst we concluded that financial due diligence checks were undertaken during open or restricted tender exercises and a risk rating assigned, the financial checks undertaken post contract award were more limited and not in accordance with corporate guidance that the assessment of financial resilience be undertaken either annually or bi-annually dependent on the criticality rating of the contract. Corporately there has been an increased level of focus on assurance over suppliers through the Due Diligence Working Group and providing contract and commissioning officers with access to credit reports to enable them to proactively monitor suppliers’ financial resilience throughout the life of the contract. We made recommendations to further strengthen controls and are currently working to confirm progress with agreed actions as target dates fall due.

9. Neighbourhoods

Housing Operations

- 9.1. Housing Operations was established in the Council in July 2021 following the integration of the former the Northwards Housing ALMO. This was agreed to achieve financial and strategic benefits and SMT have overseen the transition through the Future Shape programme. This covered multiple aspects of the transition, but the overriding priority was to ensure that residents continued to receive a seamless service. Internal Audit provided reasonable assurance as

to the developing **Governance and Oversight** arrangements, and it was reassuring to note synergy with the status reported to Resources and Governance Scrutiny Committee and Executive in the year. We found that the key themes of the government's recent White Paper had formed the foundations of the governance arrangements and that these would be incorporated into the new Resident Charter, which was to become a focal point of the Housing Advisory Committee.

- 9.2. At the time of the audit of **Management of Void and Empty Properties**, approximately 300 of the former Northwards properties were empty for a variety of reasons; including several strategic voids that had remained empty long term due to historical lack of demand or property issues. A final audit report of arrangements concluded with a limited assurance opinion. We were assured by the positive intent of the new Housing Operations management team who were aware of these issues and their importance and have requested both this review and an external consultant's review as a basis to make process improvements, some of which are already proposed or underway.
- 9.3. Issues identified included a lack of clarity for decision making in respect of strategic voids and that these were not being prioritised; a breakdown in day-to-day void processes and increased delays in turnaround times and performance of the repair's contractor during the pandemic. The Assistant Director has developed new governance proposals which, if implemented in full, will ensure that strategic voids undergo full appraisals and that appropriate decisions are made and scrutinised.

Grant Certifications

- 9.4. The Disabled Facilities Grant Annual funding (£7,476k) and Additional Funding (£1,007k) grant are designed to support older and disabled people to live as independently and safely as possible in their own homes. There were no issues noted from these reviews and the grants were certified as accurate.
- 9.5. An annual application for funds from the Highways Maintenance Incentive Fund provided by the Department of Transport (DfT) requires internal Audit and Section 151 Officer sign-off. The application involves assessment of 22 different competencies in areas such as asset management policy and strategy, communications, performance and risk management, leadership, training, professional competency, and customer satisfaction. Internal Audit confirmed that the service could demonstrate it had met the required criteria in order to access the c£600k of funding available through this scheme.
- 9.6. Funding returns have also been certified for phase 1 and phase 2 of the Cultural Recovery grants which have been used to help support Manchester Art Gallery and other cultural activities in the City to adapt to the impact of Covid19 lockdowns.

Highways Compensation Events

- 9.7. We undertook a review to provide assurance over the current controls to ensure the effective management of compensation events (CEs) within

highways contracts and provided a reasonable opinion. We concluded that further development of the quality assurance framework was needed; to identify further means of providing assurance and confidence over the development of project budgets, the management of CEs and to facilitate a move to the management of CEs from within approved project budgets. This could be supported through sample checks, analysis and reporting of CEs. Sample testing highlighted the need for improvements to the completeness of the evidence trail supporting the communication between the Council and the contractor at key stages of the CE process, particularly where this would have been within officers' email accounts who had subsequently left the Council and had not saved key correspondence within the project folder. We are in the process of determining progress with agreed actions as target dates fall due.

10. Growth and Development

10.1. During the year major projects, initiatives and joint ventures continued to progress including Victoria North, Eastern Gateway, the Factory and Mayfield. Officers of the Council continued to support these, and progress was reported at the various project boards and to Executive and Scrutiny Committees.

10.2. Following a directorate level risk workshop in December 2021, Internal Audit has liaised with officers managing the Victoria North (formerly Northern Gateway) programme to understand the current risk exposure and gather sources of assurance. We are assured that regular progress reports on this significant joint venture have been reported to Executive and the Economy Scrutiny Committee and have started to deliver an assurance review for this programme. Time has been allocated on the 2022/23 audit plan to complete this work.

AVRO Hollows Tenant Management Organisation.

10.3. Avro Hollows Tenants Management Organisation (AHTMO) has responsibility for the day to day management of the Croydon Drive Estate in Newton Heath. The roles and responsibilities of the Council and AHTMO are specified in a Modular Management Agreement (MMA). Council managers noted that there had been an increase in disrepair claims and reports of anti-social behaviour and requested an audit of operational working practices.

10.4. The audit resulted in limited assurance. We found that records kept in relation to disrepair claims, anti-social behaviour by tenants and fire risk assessment actions showed that these issues were progressed. However, we were concerned that rejected or minor requests for repair were not logged, and that there was limited evidence of repair quality review or customer feedback in this area. This had consequent effects on the completeness of record keeping supporting disrepair claims, and the accuracy of performance information. We also noted some fundamental differences in expectations between the Council and AHTMO regarding basic elements of service delivery and that this was one factor contributing to a lack of assurance and confidence in current arrangements so recommendations were also made to reinstate quarterly liaison meetings and finalise the unsigned MMA.

11. Counter-Fraud and Investigations

- 11.1. Information relating to counter-fraud and investigations for 2021/22 and an analysis of the effectiveness of activity is provided in Annual Fraud Reports to the Audit Committee. The impact and outcomes of counter fraud activity is considered in the Head of Audit and Risk Management Annual Opinion to assess any impacts which may indicate concerns about the effectiveness of the control environment. There are no such matters of concern that impact the opinion for 2021/22.
- 11.2. Whilst the Internal Audit service has continued to support ongoing pre-payment checks in relation to the business grants schemes, the focus of counter fraud activity has returned to the investigation of fraud referrals; albeit a large proportion of time has been spent investigating business grant referrals. This is due to the value and volume of grants awarded. Housing Tenancy Right-To-Buy and Council Tax Reduction Scheme work has restarted.

Proactive Work

- 11.3. The National Fraud Initiative continued with Internal Audit supporting progress on the investigation of data matches with services across the Council. Whilst data matches do not always indicate fraud or error this work enables an assessment of risk and improved data quality and there is continued value in participating with the national exercise. There are no matters from this review to date that present any cause for concern or indicate any breakdown in systems of control.
- 11.4. Specific whistleblowing training has been provided by advisors from the whistleblowing charity Protect, to officers within Internal Audit, HR and Legal Services. This focused on developing awareness and capabilities of dealing with potential allegations of wrongdoing. This provides assurance that officers who may receive such referrals are suitably equipped to identify and investigate matters of concern that may be raised with them. Further training is planned for 2022/23 to support several key services with higher inherent fraud risk profiles to assess and mitigate these risks.
- 11.5. The Council's Whistleblowing Policy, Anti-Money Laundering Policy and Anti-Bribery and Facilitation of Tax Evasion Policy were reviewed and refreshed during the year, ensuring they meet the accessibility criteria for published documents on the intranet. The Council's Whistleblowing Policy was also externally reviewed by the whistleblowing charity Protect.

Reactive Work

- 11.6. The Council's approach to the management of counter fraud risk continued to be actively promoted and reporting concerns encouraged. The ability of officers, partners and citizens to speak up using a variety of mechanisms was actively used with Internal Audit receiving 50 referrals of potential corporate fraud, theft or other irregularity in the year, compared to 56 in the previous year.

Allegations were risk assessed and prioritised in line with policy. They followed a similar pattern to previous years and included staff conduct; contractor conduct and contract compliance; ethics and behaviours; employee compliance with procedures; and theft. Where appropriate and supported by evidence this has led to suspension of staff and disciplinary action; recovery of assets or money; and in some cases, confirmation that there was no case to pursue. There were no cases investigated where the outcome raised concerns that there were systemic weaknesses in the Council's control environment.

11.7. There were 49 cases of potential fraud or irregularity relating to Covid19 Business Support Grants received; this does not indicate a control failure given the total volume and value of grants awarded. Of these 11 were confirmed as organised crime and reported to the National Investigation Service. Processes are in place for the invoicing of individuals to recover grants either paid in error or claimed fraudulently and during 2021/22 Internal Audit raised invoices totalling £156k following completion of investigation work. This portfolio remains a key area for investigation and cases are being progressed positively in line with Government requirements.

11.8. 113 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 year. Action was taken to recover £15k of Council Tax Reduction overpayments and investigation work ensured wider public sector benefits of £215k were achieved; house keys were returned in relation to one property and two successful prosecutions were achieved.

12. Audit Recommendations

12.1. There were 27 critical or significant priority recommendations being tracked by Internal Audit at 31 March 2022. Of these 13 are not yet due and 11 have been confirmed as fully or partially implemented. There are three outstanding recommendations that are past their due date; two of which relate to Adults Services and are the focus of a report to Audit Committee in April 2022. The other relates to Section 106 and confirmation is being sought that the proposed appointment of an officer for the ongoing monitoring of commitments has been completed.

12.2. Overall, the position is positive and does demonstrate that other than in these few areas, two of which are long overdue, management are acting in response to actions agreed in audit reports.

Table 3: Critical and Significant Priority Recommendations

Area	Agreed	Fully	Partial	Overdue	Not Due
Adults	8	3	2	2	1
Childrens	0	0	0	0	0
Core & PCC	11	3	3	1	4
Growth, Dvt & NHoods	8	0	0	0	8
Totals	27	6	5	3	13
%		22%	18%	12%	48%

13. Recommendation

13.1. The Audit Committee is requested to consider and comment on the Head of Audit and Risk Management Annual Assurance Opinion and Report 2020/21.













Appendix One: Internal Audit - Corporate Assurance Map
Based on CIPFA / SOLACE Governance Framework








CIPFA / SOLACE Good Governance Elements		Key Sources of Assurance
Strategic Planning and Policy	Defining Outcomes	External Peer Review Our Manchester Strategy Reset Corporate Plan Business Planning Process Future Shape Programme
	Sustainable Economic, Social and Environmental Benefits	Social Value Policy Ethical Procurement Policy Anti-Modern Slavery Commitment Climate Action Plan
	Determining and Planning Interventions	Business Planning Budget Setting Process Capital Strategy and Capital Board Adults Improvement Plan and Better Outcomes Better Lives Programme Future Shape Programme Procurement and Commissioning Strategy
Democracy, Decision Making and Accountability	Optimising Achievement of Intended Outcomes	SMT and Executive Performance Reporting Oversight by Scrutiny Committees
	Good Practices in Transparency	Transparency Code Compliance Requests for Information – Overseen by Legal Services and Corporate Information and Assurance Risk Group
	Good Practice in Financial Reporting	Capital and Revenue Budget Monitoring External Audit of the annual accounts Alignment with CIPFA expected practice
	Assurance and Effective Accountability	Internal and External Audit Government Reporting (Covid19) External Inspection (Ofsted, CQC etc) Oversight by Public Scrutiny Committees
Regulatory and Legislative Compliance	Respecting the Rule of Law	Constitution and Scheme of Delegation Member and Officer Codes of Conduct Oversight of Decisions by City Solicitor and Legal Services
Improvement, Development and Transformation	Developing the Organisation's Capacity	Budget Process Linked to Corporate Priorities and Our Manchester Future Shape Programme Technology Improvement Programmes e.g. data centres, Microsoft 365, telephony Service Level Improvement Programmes e.g. Better Outcomes Better Lives Race Review Action Plan
	Developing Leadership and Other Individuals	People Strategy About You Framework









CIPFA / SOLACE Good Governance Elements		Key Sources of Assurance
		<p>HR&OD Oversight of Workforce Planning and Workforce Development</p> <p>MiPeople Online Learning Resources</p> <p>Staff Surveys and Response</p> <p>Covid Secure Risk Assessment and Employee Support to Staff During Pandemic</p> <p>Senior Leadership Group</p> <p>Race Review: Workforce Development</p>
Performance, Oversight and Scrutiny	Effective Overview and Scrutiny	<p>Oversight of Decisions by City Solicitor and Legal Services and oversight of finance by DCE&CT and Finance Officers</p> <p>Scrutiny Committees</p>
	Robust Control	<p>Codes of Conduct</p> <p>Policy and Procedural Frameworks</p> <p>Annual Governance Framework</p> <p>Significant Partnership Register</p> <p>Audit Committee</p> <p>Internal Audit Plan and Reporting</p>
	Strong Financial Management	<p>Role of DCE&CT and Finance Service</p> <p>Schemes of Delegation</p> <p>Financial Policies</p> <p>Procurement Strategy and Policies</p> <p>Commercial Board</p> <p>Financial Systems and Reporting Assurance from Internal and External Audit</p>
	Managing Risk	<p>Risk Management Strategy and Policy</p> <p>Corporate and Directorate Risk Registers</p> <p>Covid19 Risk and Impact Reporting Programme and Project Risk Reporting</p> <p>Business Continuity Planning Framework</p> <p>Civil Contingencies Response Framework</p> <p>Council Resilience Forum</p>
	Managing Performance	<p>Business Planning: Directorate Objective Setting and Reporting</p> <p>Dashboard Reporting: Directorate and Strategic Reporting</p> <p>Reporting to SMT and Scrutiny Committees</p> <p>Senior Officer Performance Framework</p>
	Managing Data	<p>ICT Strategy and ICT Board</p> <p>Corporate Information and Assurance Risk Group (CIARG), D-SIRO network and training DG Leads</p> <p>Policy Framework for Document Retention, Privacy Impact Assessments, Data Sharing, Incident Reporting etc</p> <p>ICT Security including PSN Compliance</p>

CIPFA / SOLACE Good Governance Elements		Key Sources of Assurance
Consultation and Engagement	Engaging with Institutional Stakeholders	Business and Corporate Planning Process Our Manchester Reset Role in Core Cities, GMCA and across Health and Care Partnerships Engagement with Manchester Business Community
	Engaging with Citizens and Service Users	Public Consultations Our Manchester Reset Communications to Residents Northwards Tenants Engagement Equality Impact Assessments Complaints Policy and Process
Ethics, Values and Standards	Demonstrating Integrity	Codes of Conduct Anti-Fraud Policy and Procedure Framework Whistleblowing Framework HR&OD Policy and Procedure Framework Recruitment and Selection (and vetting)
	Commitment to Ethical Values	Social Value and Ethical Procurement Codes of Conduct
	Ensuring Openness	Transparency Code Compliance Publication Scheme Access to Information Procedure Rules Forward Plan of Key Decisions Requests for Information: FOIA, DPA, EIR Public Access to Council Meetings
	Equality and Inclusion	Race Review and Action Plan Equality Impact Assessments Equalities in Business Planning

Appendix Two: Audit Status, Opinions and Business Impact

Audit Area	Audit Status	Assurance Opinion	Council Impact
Childrens' and Education Services			
St Bernard's Primary School	Final Report	Limited 	Low
Benchill Primary School (Follow Up)	Final Report	Partially Implemented 	Low
St Matthews High School	Final Report	Limited 	Low
St Margaret's Primary School (Follow Up)	Final Report	Partially Implemented 	Low
Lily Lane Primary School (Follow up)	Final Report	Partially Implemented 	Low
Collyhurst Nursery	Final Report	Limited 	Low
Martenscroft Nursery	Final Report	Limited 	Low
St Phillips CE Primary School	Final Report	Limited 	Low
Children's Quality Assurance Framework	Final Report	Substantial 	High
Peel Hall Primary School	Final Report	Limited 	Low
Planning for Permanence (follow up)	Final Report	Partially Implemented 	High
Divine Mercy Primary School	Draft Report	Set at Final	
SEND (local offer)			
Safer Recruitment in Schools	Fieldwork		
Foster Care - payments system			
Service Front Door assessment and Access			
Supervisions			High
Elective Home Education	Planning		Medium
Health and Care (Adult Services)			
Supported Living – Technology Enabled Care	Final Report	Reasonable 	Medium

Audit Area	Audit Status	Assurance Opinion	Council Impact
Client Financial Services - Appointeeships	Final Report	Limited 	High
Better Outcomes Better Lives	Final Report	Substantial 	High
Health and Social Care: Assurance Framework Review	Fieldwork	Set at Final	High
Multi Agency Safeguarding - Front Door			High
Adults Services Quality Assurance Framework			High
Direct Payments (Adults)			
Adults Supervisions and Management oversight			High
Payment System Assurance (Adults)	Planning		High
Corporate Core			
VCSE Grant Expenditure	Final Report	Substantial 	Low
Our Town Hall- Allocation and Management of Work Packages and Delivery.	Final Report	Reasonable 	High
Capital Programmes (commissioned)	Final Report	Assurance Review	High
URBACT C-Change Grant	Grant Certified	Certified 	Low
URBACT ZCC Grant	Grant Certified	Certified 	Low
Interreg ABCitiEs Grant	Grant Certified	Certified 	Low
Synergy Grant – file review	Briefing Note	N/A	Low
ICT Assurance Mapping	Briefing Note	N/A	Low
Irish World Heritage Centre	Briefing Note	N/A	Low
Estates – Service Review	Briefing Note	N/A	Low
Omicron related covid grant schemes (additional work). Design and Pre-Payment Assurance Checks	Complete	Assurance checks	High
Covid grant schemes Government assurance submissions	Complete	Collation of assurance	High
Covid grant schemes Government assurance submission (additional work)	Complete	Collation of assurance	High

Audit Area	Audit Status	Assurance Opinion	Council Impact
Covid grant schemes Government – coordination of data matching for new schemes (additional work)	Complete	Assurance checks	High
EYES System– Education / Early Years	Complete	Advice and Guidance	High
Joiners Movers Leavers	Fieldwork	Set at Final	High
Debt Recovery and Write Offs			
ICT Hardware Asset Management			High
Annual Governance Statement 2022			
Climate Change – emissions calculations			
Register of Significant Partnerships 2022			
Payment Card Industry - Compliance			High
Information Governance Privacy Notices			Medium
Neighbourhoods; Growth and Development			
Disabled Facilities Grant: Certification	Grant Certified	Certified 	Medium
Highways Maintenance Grant	Grant Certified	Certified 	Medium
Culture Recovery Fund Grant – part 1	Grant Certified	Certified 	Low
Highways Incentive Fund Grant Application.	Grant Certified	Certified 	Low
Highways Compensation Events	Final Report	Reasonable 	Medium
Housing Operations – Governance	Final Report	Reasonable 	Medium
Housing Operations – Void and Empty Properties.	Final Report	Limited 	Medium
AVRO Hollows Tenant Management Organisation	Final Report	Limited 	Medium
Highways Programme and Project Assurance	Briefing Note	N/A	High
Housing Operations – Audit needs assessment	Briefing Note	N/A	Low
Culture Recovery Fund Grant – Part 2 (additional work)	Fieldwork	Set at Final	Medium
Victoria North (Northern Gateway)			High
Data Analysis - Single Person Discount			Medium
Taxi Licensing			Medium
Procurement, Contracts and Commissioning			
Supplier Due Diligence	Final Report	Reasonable	High

Audit Area	Audit Status	Assurance Opinion	Council Impact
		●	
Use of Waivers and Contract Extensions	Final Report	Reasonable ●	Medium
Children's Placements Follow Up	Final Report	Partially Implemented ●	High
Carbon Reduction in Procurement	Briefing Note	N/A	Medium
Factory Project Assurance	Fieldwork	Set at Final	High
Social Value Compliance	Planning		Medium
Frameworks – Selection and Award			Medium

Appendix Three - Audit Report Executive Summaries (Opinion Audits)

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

Reference in Appendix	Audit Title
A	Housing Operations – Void and Empty Properties
B	AVRO Hollows – Tenant Management Organisation
C	Better Outcomes Better Lives
D	Planning for Permanence (follow up)

REFERENCE A

Internal Audit Report 2021/22

Neighbourhoods - Housing Operations (Northwards)

Approach to Empty Homes and Voids

Distribution - This report is confidential for the following recipients

Name	Title
David Ashmore	Director of Housing Operations, Responsible Officer
Fiona Worrall	Strategic Director Neighbourhoods, Accountable Officer
Angela Raftery	Assistant Director of Housing Operations
Councillor Akbar	Executive Member for Neighbourhoods
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
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Report Authors

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Deputy Head of Audit & Risk Management	Richard Thomas	41019
Head of Audit and Risk Management	Tom Powell	35273

Draft Report Issued 24 February 2022

Final Report Issued 23 March 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance that there is an effective strategy being developed for all empty homes.	Limited	Medium

Sub objectives that contribute to overall opinion	Assurance
There is a comprehensive register of all empty/void properties, with clear associated costs/monetary loss identified.	Limited
There is an established process (aligned with the Asset Management Strategy) to bring empty homes back into use as quickly as possible and manage assets in relation to decisions for investment/ conversion/ demolition/ disposal.	Limited
There is a clear governance structure in place to ensure prompt and informed decisions are made.	Reasonable
Appropriate and accurate management information is available to assist decision making.	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
There should be a comprehensive register of all voids with clear associated costs.	Significant	6 months	30 Sept 2022
The new governance proposals should be implemented in full.	Significant	6 months	30 Sept 2022
Options appraisal guidance should be developed, and full options appraisals should be undertaken for all strategic voids.	Significant	6 months	30 Sept 2022
Ownership and oversight of reporting of management/performance information for all void properties should be developed.	Significant	6 months	30 Sept 2022

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

1. Audit Summary

- 1.1 Housing Operations, formerly known as Northwards Housing Limited, came back under Council control on 5 July 2021. Approximately 300 of the former Northwards properties are currently empty for a variety of reasons; including several strategic voids that have remained empty long term due to historical lack of demand or property issues.
- 1.2 Empty properties incur both Council Tax payments and void rent loss as well as leaving homes empty where there is a need to bring properties back into use, to help address housing and homelessness issues. An efficient and effective approach to minimising void properties would optimise the use of social assets, maximise rent and revenue income and supports Manchester's Housing Strategy, Residential Growth Strategy, and Housing Affordability Policy Framework.
- 1.3 At the time of our testing, consultants from a company called 'Inforhousing' were working with Housing Operations, providing support in relation to the management and delivery of the repairs and maintenance contract by Equans UK. This work included improvements to the day-to-day void processes (void properties left temporarily vacant by tenant departure) such as the establishment of void intervention meetings and creation of a new monitoring spreadsheet.
- 1.4 To avoid duplication of their work and to allow time for improvements to be implemented, we have placed more emphasis on strategic voids in this audit and we intend to complete a 'day-to-day' void compliance audit in 2022/23.

2. Conclusion and Opinion

- 2.1. We provide a **limited** assurance opinion over the effective management of empty homes and voids; however, we acknowledge the positive intent of the new Housing Operations management team who are aware of these issues and their importance and have requested both this review and the external review to make process improvements, some of which are already proposed or underway.
- 2.2. There was no clear path for decision making for strategic voids at the time of our fieldwork and these were not being prioritised. The Assistant Director of Housing Operations has however developed new governance proposals which, if implemented in full, will ensure that strategic voids undergo full appraisals and that appropriate decisions are made and scrutinised.
- 2.3. We noted a breakdown in the day-to-day void process which was attributed to several factors including Covid-19, the move of Northwards back into the Council, staff sickness absence and vacancies, and the commencement of a new repairs and maintenance contract with Equans UK (in April 2021).
- 2.4. Prior to the outbreak of Covid-19, Northwards were operating at 27 days turnaround on void properties whereas, at the time of our fieldwork this

measured more than 96 days and Equans were failing all the agreed performance measures (KPIs).

- 2.5. We make seven recommendations in total to improve the void management processes, four of these are classed as being significant, two moderate and one minor. These are detailed in the Action Plan in Appendix 1.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1. The system used for day-to-day voids (QL) has appropriate void classifications and is capable of producing detailed management information. There is a variety of management information currently produced by various teams including: Void List report, Rent Loss report, Average Void days (BV212), Properties on Notice report, New Tenancy report, and Terminations in Period. These are produced in addition to ad hoc requests from management.
- 3.2. The spreadsheet used to monitor day-to-day voids was expanded on 4 January to include all relevant information in one place and enable each stage in the process to be clearly identified and reasons for delays established. This was a manual spreadsheet, however work was underway to integrate all fields into the QL system and this change request is now included in the ICT work programme.
- 3.3. There were a variety of management meetings established to improve voids performance, including: void reconciliation meetings (weekly), void management meetings (every 6 weeks) and void interventions meetings (monthly). In addition to this, the repairs and maintenance team held monthly service review meetings and Strategic Partnership Board meetings with the repairs and maintenance contractors.
- 3.4. Written policies and procedures were in place for the different parts of the management of housing voids.
- 3.5. Some empty properties have been put to wider use to counteract financial loss including four discharge flats where Council Tax, rents and utilities were reclaimed back from the Adult Social Care service.
- 3.6. New governance proposals for void management have been drafted by the Assistant Director of Housing Operations, including a strategic void meeting group reporting to the Housing Board. Proposals include record keeping, category allocation review, development of options appraisal (to include socio economic considerations), clear timescales and prioritisation. If implemented in full these proposals will ensure that strategic voids undergo full appraisals and informed, and appropriate decisions are made and scrutinised.
- 3.7. There were relevant KPIs in place for day-to-day voids e.g. void rent loss and BV212 (void days). There were also KPIs in place with the contractors directly

related to voids: average days to repair to empty homes, average days unadjusted and % of empty properties returned on time (although we note at present that none of these were being met).

Key Areas for Development

- 3.8. There was no single reconciled list of all void types - strategic and day-to-day voids were not viewed and reported together, nor did they fall under the same reporting lines. We struggled to reconcile strategic voids using three available sources due to either different data or data formats being used. Whilst reports were produced on Rent Loss, and some reconciliations had been completed for Council Tax charges for day-to-day voids, these were not included on Void Registers and therefore the total associated costs were unclear.
- 3.9. Council Tax have started charging three times the annual rates for properties that have been empty over two years which has greatly increased the costs of long-term voids and will impact future options appraisals.
- 3.10. From our testing we found Northwards paid £190k and Strategic Housing paid £165k in Council Tax for void properties in 2020/21. We found seven properties that were classed as empty, resulting in Strategic Housing being charged Council Tax, however these had actually been brought back into use / occupied, and therefore charges of £24.5k were incorrect. There were a further 16 properties awaiting demolition that could potentially apply for a Council Tax exemption.
- 3.11. Decision making with regards to long term (strategic) voids was unclear. Options appraisals on long term voids were not being carried out. The Asset Management Strategy contained minimal reference to long term voids and contained outdated references to roles and responsibilities. Cost benefit analysis is required to ensure investment / repair decisions are well informed, and based on future use, strategic plans, community plans etc.
- 3.12. Procedures were missing some details: maintenance of asset records/ insurance cover / procurement/ rechargeable cost and recovery / cost of works / satisfaction / pre termination inspection process. The majority were not up to date to reflect Northwards' transition to the Council.
- 3.13. There were a variety of reports run and spreadsheets kept by the different teams however these were reliant on manual updates and there were no data checks at the time of our fieldwork. Several of the key monitoring spreadsheets needed manual intervention and data held in spreadsheets appeared to be duplicated by various teams. Performance information did not include most strategic voids as these are not on QL.
- 3.14. Average time taken to relet day-to-day void properties in Q3 was 96.4 days against a target of 27 days. Rent loss was 1.74% against a target of 0.67% (as a percentage of debits). The current position would indicate the management reports were not being used to full effect and better oversight is

needed by management and challenging targets monitored to reduce average void periods.

REFERENCE B

Internal Audit Report 2021/22

Growth and Development Directorate, Strategic Housing

Avro Hollows Tenants Management Organisation

Distribution - This report is confidential for the following recipients	
Name	Title
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Becca Heron	Strategic Director (Development), Accountable Officer
Ingrid Daly	Housing Investments Manager
Angela Raftery	Assistant Director of Housing Operations
Donna Karim	Chair, Avro Hollows TMO Board
The final report will also be issued to the following recipients	
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Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Worrall	Strategic Director (Neighbourhoods)
David Ashmore	Director of Housing Operations
Fiona Ledden	City Solicitor
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Report Authors		
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Draft Report Issued	28 February 2022
Final Report Issued	31 March 2022

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over the management and completion of key operational functions discharged by Avro Hollows TMO.	Limited	Medium

Sub objectives that contribute to overall opinion	Assurance
Recording, assessment and prompt completion of required repairs.	Limited
Recording, investigation and resolution of reports of anti-social behaviour.	Reasonable
Management and resolution of disrepair claims.	Reasonable
Fire risk assessment, with outcomes being recorded, retained and actioned.	Substantial
Definition of performance measures that are regularly monitored, with associated improvement action being agreed and implemented as required.	Limited

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Reinstate quarterly liaison meetings.	Significant	6 months	31 March
Review and finalise Modular Management Agreement.	Significant	6 months	30 September
Obtain assurance over logging of repair requests.	Critical	3 months	30 June
Obtain assurance over repairs quality inspection process.	Significant	6 months	30 September
Obtain assurance over completeness and accuracy of performance monitoring.	Significant	6 months	30 September

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 Avro Hollows Tenants Management Organisation (AHTMO) was established in 2007, with responsibility for the day to day management of the Croydon Drive Estate in Newton Heath. The roles and responsibilities of the Council, Northwards Housing (part of the Council since July 2021) and the AHTMO are specified in a Modular Management Agreement (MMA).
- 1.2 As part of our ongoing review of risk, Council managers noted that there had been an increase in disrepair claims from residents on the estate, and an increase in reports of anti-social behaviour, both on the estate and in the immediate local area. The AHTMO has a key role in addressing these issues and we therefore agreed with managers to carry out an audit of operational working practices.

2. Conclusion and Opinion

- 2.1. While our audit was focused on operational management and resolution of issues by AHTMO, it was clear that joint working arrangements with the Council could be improved to support a better delivery of services to residents. We were informed that all stakeholders were working in line with the requirements of the MMA (dated October 2017) but noted that this document remained unsigned, and required review following the decision to move Northwards Housing into the Council as the Housing Operations service. We were also informed that quarterly stakeholder liaison meetings had not taken place for at least 18 months. We consider that these matters should be addressed immediately in order to provide a clear basis for effective future joint working.
- 2.2. We noted some fundamental differences in expectation regarding basic elements of service delivery. In particular, AHTMO staff did not feel engaged in determining the nature and scheduling of capital works programmed to take place on the estate, and Council staff felt that the AHTMO should be doing more to identify, record and address anti-social behaviour where not linked to existing tenancies. These matters were not explicitly addressed in the MMA.
- 2.3. We are able to provide limited assurance over the management and completion of key operational functions discharged by AHTMO. We found that records kept in relation to disrepair claims, anti-social behaviour by tenants and fire risk assessment actions showed that these issues were progressed. However, we were concerned that rejected or minor requests for repair were not logged, and that there was limited evidence of repair quality review or customer feedback in this area. This had consequent effects on the completeness of record keeping supporting disrepair claims, and the accuracy of performance information.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.15. Repair requests we examined were handled promptly by the external contractor, with a clear link between the repair work required and the charges invoiced, which reconciled to a detailed Schedule of Rates. Staff were generally positive about the responsiveness of the contractor and the working relationship with the AHTMO.
- 3.16. Fire risk assessments were regularly carried out by the Council's external contractor. Actions assigned to the AHTMO Manager were addressed in line with expected timescales and were effectively monitored by Housing Operations, with evidence submitted to confirm actions addressed. Records were also retained of daily fire safety checks undertaken by AHTMO staff.
- 3.17. The focus of the MMA in relation to anti-social behaviour is investigation of suspected breaches of tenancy agreements by residents. In these circumstances, clear records of casework and action taken were available.
- 3.18. Where disrepair cases were initiated by tenants, the AHTMO Manager and Surveyor took prompt steps to engage with an independent surveyor as legally required. In the cases we reviewed, we noted that no disrepair claims had been upheld. However, some claims had not been formally dismissed (owing to lack of engagement by complainants) and we were informed by Council staff that a historical disrepair claim had been recently settled for a significant sum of money (plus costs).
- 3.19. Performance reports were produced quarterly for board discussion, these indicated that most targets included in the reports were being met. However, we were unable to reconcile the reported performance figures back to source data. We were informed that figures were calculated manually.

Key Areas for Development

- 3.20. Quarterly joint liaison meetings between the Council and the AHTMO should be re-established as a matter of priority. These should be used to rebuild shared expectations for the management of the estate.
- 3.21. The Modular Management Agreement should be reviewed and formally agreed by all relevant parties. This should include consideration of the guidance given in respect of management of anti-social behaviour and scheduling of capital works.
- 3.22. Recording of repair requests by the AHTMO should be extended to include all requests at the point of contact, regardless of resolution pathway, and the associated outcomes of these requests.
- 3.23. The AHTMO had employed a handyman to assist with routine aspects of estate maintenance. This was viewed as a positive way to reduce costs while maintaining a high level of flexibility to respond quickly to residents' concerns.

However, we understand that some tasks assigned to the handyman involved routine work to take place in residents' properties at the discretion of the AHTMO Surveyor. While we recognise that this could be a cost-effective way of handling minor issues, we noted that these jobs were not centrally recorded, and we were not able to confirm whether associated potential insurance and safeguarding risks were being appropriately managed.

- 3.24. Regular contract monitoring arrangements should be established with the repairs contractor, this should include the development of key performance indicators (KPIs) and a repair quality inspection and customer satisfaction process in line with the requirements of the MMA, with associated evidence being retained.
- 3.25. Performance reporting should be expanded to include all indicators in the MMA at a minimum. Existing work management tools should be reviewed to identify opportunities to automate the calculation of actual performance.

REFERENCE C

Internal Audit Report 2021/22

Adults Services

Better Outcomes Better Lives, Programme Governance

Distribution - This report is confidential for the following recipients

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Bernadette Enright	Executive Director of Adult Social Services, Accountable Officer
Eleanor Fort	Reform and Innovation Manager (Better Outcomes, Better Lives Programme Manager)
Councillor Midgley	Deputy Leader with Deputy Leader with responsibility for Health and Care
Joanne Roney	Chief Executive
Carol Culley	Deputy Chief Executive and City Treasurer
Fiona Ledden	City Solicitor
Simon Livesey	External Audit (Mazars)

Report Authors

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Draft Report Issued	14 February 2022
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Final Report Issued	21 March 2022
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Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance that the governance, monitoring and challenge arrangements effectively support delivery of the Better Outcomes, Better Lives programme.	Substantial	High

Sub objectives that contribute to overall opinion	Assurance
The framework for governance is appropriately designed to support effective delivery of the programme.	Substantial
Roles and responsibilities are clearly defined, understood and discharged in line with expectations.	Substantial
Progress is being accurately and sufficiently monitored and challenged, leading to risk-based prioritisation and decision making.	Reasonable

Key Actions	Risk	Priority	Planned Action Date
We have not made any significant or higher risk recommendations and therefore have no key actions to identify in this section.	n/a	n/a	n/a

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 Better Outcomes, Better Lives (BOBL) is Manchester Local Care Organisation's (MLCO) transformation programme for Adult Social Care (ASC) which was launched in January 2021. It builds on work already well underway to integrate health and care in Manchester, the Adults Social Care Improvement Programme and other transformation activity in recent years. The programme has been developed alongside work to develop the 2021/22 budget and is designed to deliver savings on the ASC budget.
- 1.2 From an Internal Audit perspective this review is considered high impact due to the scale of the programme and the transformational impact it is designed to have on the delivery of cost effective, outcome focused care services to adults across the City. This is essential for the health and welfare of our residents, to ensure effective use of financial and other resources, promote positive partnership working and ensure Council statutory duties are met. The governance and delivery of this programme is also an area where Audit Committee have expressed a strong interest in receiving audit assurance.

2. **Conclusion and Opinion**

- 2.1 Overall, we can provide a **Substantial** audit opinion that the governance, monitoring and challenge arrangements effectively support delivery of the Better Outcomes Better Lives Programme. Overall we consider there is a clear and transparent governance structure in place with clear lines of accountability through the MLCO Executive Board. There are also agreed and consistent structures below the Programme Board to deliver each of the identified priority areas through six workstreams.
- 3.26. There were clear roles and responsibilities identified to deliver the programme and we have seen a shared and clear understanding of these roles across each of the workstreams and amongst Programme Board members. There was also a suite of documentation in place including storyboards which set out key milestones for each workstream, risk logs and highlights reports to regularly report progress in delivering key priorities from each workstream along with any risks and delays with delivery.
- 3.27. We have made four moderate risk recommendations which are outlined in our summary of findings below and are described in more detail in Appendix 1 which we consider can further enhance the strong arrangements supporting delivery of the programme.

4. **Summary of Findings**

Key Areas of Strength and Positive Compliance

- 4.1. There is a clear and transparent governance structure in place for the Programme with clarity over accountability. This includes regular and timely reporting by the Programme Board through to MLCO Executive Management Board and through to Council management and Scrutiny Committee and also regular and timely reporting to the Programme Board from each workstream through the standard highlight reports.
- 4.2. There is also a clear accountability and delivery framework under the programme board with six workstreams in place delivering distinct priorities. Each workstream has an SRO who is a Senior Manager from either the

Council or the MLCO with the seniority and influence of the leaders overseeing each workstream helping to drive delivery and improvements. Each workstream also has one or more working groups who are focused on delivering key priorities within those workstreams.

- 4.3. The key meetings are programmed to ensure timeliness and there is consistency across individual workstreams in timetabling of the individual workstream meetings which are held fortnightly across the programme.
- 4.4. There are consistent and agreed individual roles across the programme from the Programme Board members and the Programme Manager to project leads, workstream SROs, change leads and Impower representatives. There was a governance document which outlined these roles and responsibilities and defined each role, including the role of the change lead. Interviews held during the audit demonstrated clarity and a common, consistent understanding of roles across the programme.
- 4.5. Each workstream has a Project Manager in place. They are all qualified project managers and from interviews strong relationships are described with each other and also with their SROs. There are also two change leads who are level 3 project managers and provide support and challenge across the programme. This role is a real strength in providing additional level of challenge and support.
- 4.6. There are standard terms of reference in place for each of the workstream steering groups as well as the Board and working groups. They are all reasonable in their content and clearly set out their objectives in delivering the programme/ workstream or working group.
- 4.7. Interviews and our review of supporting documentation showed that there is a standard suite of documentation used to support delivery of the programme which are used across the workstreams, these include the highlights reports, action logs, risk logs and storyboards.
- 4.8. There is a clear and agreed standard approach for the workstreams reporting through to the Programme Board. Workstreams use storyboards as project plans to identify key project milestones and then report progress in highlights reports every six weeks. These are reported upwards to the Programme Board. There was an initial storyboard for each workstream and then a revised storyboard for phase 2 of each of the workstreams. The storyboards and highlights reports are in a standard format. They include a look back over the last four weeks, projection of priorities for the next four weeks, milestones along with RAG ratings of whether milestone is still on track and details of new risks and issues.

Key Areas for Development

- 4.9. We have made four recommendations in this report all of which are classified as moderate risk. We consider that all four recommendations if implemented can contribute to enhancing what are already strong arrangements for delivering the Better Outcomes Better Lives Programme. Specifically we recommend that management should:
 - Review arrangements in the responsive commissioning work stream to establish if all the eight working groups are actually needed or can be consolidated / rationalised and if they are, consider if further project management support is needed in this workstream.

- Consider formally mapping the interdependencies between the workstreams to ensure that these are consistently understood and are being effectively managed.
- Ensure that reporting mechanisms are developed to report progress in delivering the high-level programme priorities and milestones and to provide assurance on whether the overall programme still remains on track to be completed in 2024 as planned.
- Complete a review of membership of the Board and workstreams with a view to ensuring all members are active either as decision makers or key contributors.

REFERENCE D

Internal Audit Report 2021/22

Children's Services - Children's Social Care

Follow Up Audit: Planning for Permanence – Progress on Implementation of New Policy

Distribution - This report is confidential for the following recipients		
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Draft Report Issued	21 February 2022
Final Report Issued	22 February 2022

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of audit recommendations agreed in response to the audit of Planning for Permanence – Progress on Implementation of New Policy (issued in December 2019).	Implemented

1. Audit Summary

- 1.1 In 2019 Internal Audit undertook an audit of Planning for Permanence to provide assurance over the implementation of the system for 'planning for permanence' in line with legislation and policy.
- 1.2 Based on the work undertaken we provided a reasonable assurance opinion and made the following number of recommendations for improvement with agreed target dates for implementation of April 2020.

Priority	Accepted	Rejected
Critical	0	
Significant	3	0
Moderate	0	
Minor	0	

- 1.3 We originally planned to undertake this assessment in August 2021, however as these recommendations were all classed as 'not implemented' when we reported the position in July 2021 to Audit Committee, we delayed our review. There were subsequent delays in receiving the evidence we needed to verify that all recommendations had been actioned and therefore we were unable to finalise our report as originally scheduled.
- 1.4 We identified all recommendations had been fully implemented in November 2021 however Audit Committee had some further questions and the Children's Deputy Director attended the committee in February 2022, to brief members further on implementation of the audit recommendations and improvements in working practices. We are now issuing this formal report following that action.
- 1.5 This was not a full re-review of the implementation of the Planning for Permanence policy 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 in implementing recommendations shows that all the recommendations made in our original review have 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. An explanation of recommendation prioritisation and follow up assurance is attached at appendix 2.

Appendix 1: Status Update

Recommendation 1 Significant

Heads of Service, Locality Managers and Permanence Leads should confirm which staff in their locality have not received any training or briefings on the policy and consideration should be given to running some additional events for those who have not yet been trained. This should also be an embedded part of inductions for new staff. Implementation due date – April 2020

Internal Audit Assessment:

We can confirm that training is included in the staff induction and in the ASYE (newly qualified social worker) training plan. We have also seen evidence of additional catch-up training courses being arranged for any social workers who have not completed the necessary training, including one in November 2021. We are now confident that there are sufficient arrangements in place to ensure all staff are appropriately trained.

We therefore consider this recommendation to be **fully implemented**.

Recommendation 2 Significant

The Permanence Improvement Board should review the impact of the initial roll out of the policy and to address any key issues, such as those identified in our review. In particular, focus should be given to Permanence Planning Meetings (PPM) and how arrangements can be revised to make them more achievable.

Requirements of PPM should be included, where applicable, in the Children's QA framework to ensure a level of consistency. Implementation due date – April 2020

Internal Audit Assessment:

We can see a number of performance measures have been introduced and are reported on a monthly basis, the benchmarks used are part of the strategic PMF (Performance Management Framework) with targets including Placement Stability, long term stability and Permanence Plan at 2nd LAC review. All of these have clear targets to aim for.

We therefore consider this recommendation to be **fully implemented**.

Recommendation 3 Significant

Further performance measures should be developed to assess the effectiveness of permanence planning and then incorporate these in the permanence scorecard. Implementation due date – April 2020

Internal Audit Assessment:

Management confirmed they have reviewed and revised the permanence strategy to be clear that 'permanence' is everything done to secure loving homes for children at the earliest opportunity. They confirmed that the QA framework scrutinises every aspect of the child's journey whilst working with social work is firmly captured in the QA framework. They confirmed that the requirements around permanence planning meetings have changed. Rather than there being set timescales for these meetings, as was the case at the time of our audit, they should happen as and when required; to secure a loving home for children within a 'team around the child' framework. There are therefore no targets for completing planning for permanence meetings within specific timescales and so they are now more achievable as a result.

We therefore consider this recommendation to be **fully implemented**.