

**Manchester City Council
Report for Information**

Report to: Audit Committee – 28 November 2023

Subject: Internal Audit Assurance Update Quarter Two 2023/24

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. This work culminates in the Annual Head of Internal Audit Opinion and an Annual Assurance Report.

This report provides an update of progress on the agreed audit plan and details of assurances from the Internal Audit Service for quarter two 2023/24.

Recommendations

Audit Committee is requested to consider and comment on the Internal Audit Update report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the City

None

Equality, Diversity, and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

None

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

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue = None

Financial Consequences – Capital = None

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Background documents (available for public inspection): The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 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 2023/24 (Audit Committee June 2023)

1. Introduction

- 1.1. The work of Internal Audit is a key part of the Council's overall assurance framework which is described in the Annual Governance Statement and in the Head of Audit and Risk Management's Annual Opinion.
- 1.2. Regular reporting to management and to the Audit Committee provides assurance over the Councils systems of governance, risk management and internal control arrangements. It contributes to officer and Member understanding of issues being raised by Internal Audit, provides assurance over actions taken to address risk and supports effective decision making. Regular reporting also helps the service and the Council to demonstrate compliance with Public Sector Internal Audit Standards and relevant legislation.
- 1.3. The tables in section 3 will be used to summarise the results of planned and reactive audit work delivered by the Service but also, for example, an assessment of assurances provided by officers to boards, of other audits and inspections and reports to scrutiny committees. Details of the findings and recommendations that arise from audit work continue to be included as appendices to the report.
- 1.4. This report provides details of the work of the Internal Audit Section for the second and third quarter of 2023/24 to the end of September 2023 and confirms;
 - progress in the delivery of the annual audit plan (section 2); and
 - key assurances, risks and issues arising from audit work, assessment of other sources of assurance and actions taken to address internal audit recommendations (section 3).
- 1.5. Appended to this report are:
 - Appendix 1: Summary of audit findings and other sources of assurance
 - Appendix 2: Executive summaries of final reports issued in the period.
 - Appendix 3: Delivery status of the annual audit plan 2023/24
 - Appendix 4: Key to the basis of audit assessments

2. Audit Plan Progress and Delivery

- 2.1. We have completed 48% of the plan to draft or final report stage, with 23% of work in fieldwork or planning phases. One grant certification that was planned for completion has been cancelled as it is no longer required but two additional grants and a review of the Repairs and Maintenance Contract (Housing Services) Performance Management and Reporting arrangements have been added to the plan.
- 2.2. The number of outputs increase in the year as block allocations for schools, ICT and grant certifications are allocated to specific audits or reviews.

Table 1: Status of Planned Audit Outputs 2023/24

Status	To September 2023	To July 2023
Final	40	13
Draft	3	2
Fieldwork	11	10
Planning	10	10
Not Started	26	34
Total	90	69
Deferred / Cancelled	1	0

- 2.3. The plan for the year was based on reasonable assumptions of available staffing resources at that time but securing capacity and capability for the audit team was acknowledged as a key priority. Since the last report two auditors have secured internal promotions within the Council and left the service. Another officer has suffered from a period of absence but has since returned to work. This impact has reduced the number of available audit days and is reflected in the number of audits not started and that are now scheduled for delivery in quarter four.
- 2.4. The reduction of resource has been partially offset by the addition of an experienced audit professional on a temporary basis to lead and deliver our work on schools. We are also evaluating two bids from external suppliers to provide between 30 and 50 additional school audits between now and the end of July 2024.
- 2.5. Given the reduction in resource pending recruitment to vacant roles, the plan is being reviewed with the team to assess deliverability to year end. It is likely that some audits will need to be reassessed or deferred for completion early in 2024/25. The outcome of this review and proposals will be presented to Audit Committee in the next update.
- 2.6. The recruitment process is underway for the current vacant posts of Deputy Head of Audit and Risk Management post, five vacant posts in Internal Audit and other posts across the Audit and Risk Management Service. All service vacancies have passed through the internal matching and assessment (MPeople) process and advertisements for remaining vacant posts, including the five audit posts go live on 24 November. The launch of these roles, recruitment open day, webpages and promotion will close in December with assessments and interviews scheduled for mid-January.
- 2.7. Issues in attracting and retaining professional services staff including auditors are not unique to Manchester City Council and are being felt nationally. It is intended that a proactive and visible approach to recruitment will assist in filling these roles. The approach is a four-week campaign with a specific webpage on GreaterJobs and adverts across a range of websites and social media outlets. This is designed to attract and encourage applications from as wide a range of sources as possible and hopefully appoint staff to posts in the New Year. An update on progress will be provided as part of the Review of the Effectiveness of Internal Audit to be presented to Audit Committee in February 2024.
- 2.8. Whilst work in relation to council tax and housing fraud referrals recommenced last year there is a backlog of referrals which is legacy of the redirection of

resources to deliver covid19 business grant assurance and investigation work. To assist with this, a 12-month development placement was created, and that officer continues to provide valuable support to the team in helping to progress these cases.

3. Audit Assurance, Risks and Issues

- 3.1. The tables in appendix 1 summarise all the outcomes of audit work and other sources of assurance that Internal Audit have considered in the period. They are intended to provide a holistic and visual articulation of audit assurance. They describe assurances and risks / issues and Internal Audit's assessment of how it contributes to the overall assessment of the effectiveness of governance arrangements, management of corporate risks and systems of internal control.
- 3.2. Where audit work has been completed and an opinion issued this is included. Opinions continue to be Substantial, Reasonable, Limited or No depending on audit findings.
- 3.3. Every quarter we provide a summary of key assurances and issues that have been highlighted from audit work and other sources of assurance. These are then used together to inform the Head of Audit and Risk Management annual audit opinion. The following are the new issues arising in quarter two:

Housing Services

- 3.4. The Housing Services Improvement Board continues to meet monthly to oversee progress in response to concerns regarding statutory compliance across Council residential properties. This forum oversees progress on actions including those that have arisen from audit reports. It also has a particular focus on arrangements for responding to fire risk assessment actions in residential properties and reports of damp and mould as reported to Audit Committee in the last report. There is good governance and progress is being made to address areas of risk but there remains much still to do to strengthen statutory compliance, contractor performance management and to progress harmonisation and ICT integration work.
- 3.5. Follow up on audit actions agreed with management in respect of one of the Council's two Tenant Management Organisations (Avro Hollows) has continued to highlight that significant areas for improvement remain in their governance and financial management arrangements. These audit recommendations remain outstanding and engagement with the Board is ongoing with the aim to secure a clear plan of improvement and obtain assurance that this is being actioned. These audit observations are reflected in the latest refresh of the Council's Significant Partnership Register, and we continue to work with Strategic Housing to try and effect positive change in this area.

Commercial and Contracts

- 3.6. A reasonable assurance opinion was provided for the management of post procurement cost for the Our Town Hall Project. We are also positively assured that work also continues to progress with the implementation of a Council wide contracts database which will help in providing a holistic view of Council contracts. Further work is planned to test the system ahead of roll out

which will be supplemented by a training programme for relevant officers. The Major Contracts Board continues to meet and reviews key risks and issues related to the Council's gold contracts and the Integrated Procurement and Commissioning team have also been delivering directorate management briefings on spend analysis and procurement regulations.

Safer Recruitment in Schools

- 3.7. Our follow up audit of Safer Recruitment in Schools following the initial audit which provided a limited assurance opinion has confirmed a significant reduction in the exposure to risk. All recommendations made to Council officers had been fully implemented and significant progress had also been made in implementing recommendations made to individual schools with actions being fully implemented at four of the nine schools included in the audit. We were satisfied that in the remaining schools, good progress was being made in addressing remaining issues.

4 Recommendation

- 4.1 Audit Committee is requested to consider and comment on the Internal Audit Update report.

Appendix 1: Summaries of Audit Work and Other Sources of Assurance

A. Children and Education Services

Source	Assurance, Risk or Issue	Assurance
Audit	The Internal Audit update to Audit Committee in July referred to concerns raising from an audit of Foster Care Payments. This was subsequently finalised in a report which provided a limited assurance opinion. Overall we are concerned that this audit and a related investigation confirmed the ongoing risk of duplicate and overpayments. There are also limitations in system reporting and review which presents ongoing challenges to the timely identification and correction of errors. The Strategic Director for the Children and Education Directorate commissioned a working group to address the issues in the report and this will be an area for focused audit follow up in 2023/24.	Limited
	There are no overdue audit recommendations from our Childrens Services audits with all that have passed their due date confirmed as being fully implemented or superseded.	Substantial
Other Assurance	There was an annual report from the complex safeguarding hub presented to the Children and Young Peoples Scrutiny Committee in July 2023. The report highlights that the Greater Manchester Complex Safeguarding Hub had been peer reviewed, and this review highlighted a continued strength in partnership working and practice. This report also highlights that quality of practice is assessed through the Quality Assurance framework and that of the eight audits conducted between March 2022 and March 2023, 1 was rated as outstanding, 3 were rated as good and 4 were rated as required improvement.	

B. Schools

Source	Assurance, Risk or Issue	Assurance
Audit	<p>A draft report has been issued for our financial health check of Peel Hall Primary School with a limited assurance opinion due to the need to strengthen controls over expenditure, including the need to demonstrate value for money being obtained for higher value purchases.</p> <p>This report has yet to be finalised as we have yet to agree management responses given changes to management since the audit, with the Wise Owl Trust now providing interim senior leadership support. We plan to engage with management at the Wise Owl Trust to agree recommendations and management responses to help reduce the ongoing exposure to risk.</p>	Limited
	<p>A draft report has been issued for our financial health check of St Francis Primary School with a limited assurance opinion due to the number of critical and significant risk recommendations in the report (3 critical, 7 significant). We were particularly concerned over issues in relation to the school debit card procedures; level of school meals debts and implementing policy and procedures for the collection of arrears; and ensuring that written agreements are held for any lettings of the school building/grounds to third parties.</p> <p>The School has experienced significant resourcing issues from a financial management perspective over the last 12 months which resulted in the Head Teacher asking to delay formal responses to the report until a permanent Business Manager has taken up post. We therefore plan to finalise this report in December 2023.</p>	Limited
	<p>We completed a follow up audit of our previously completed limited opinion Safer Recruitment in Schools report. Our follow up has concluded that recommendations to improve compliance with the Schools Safer Recruitment Policy have been partially implemented. All of the recommendations made for the Council to implement have been fully implemented. We have also seen significant progress made in the implementation of recommendations directed at the individual schools visited as part of the initial audit. Five out of nine school action plans have been fully implemented with the remaining four being partially implemented. For those with recommendations outstanding we were satisfied that they were in the process of addressing outstanding issues. We have issued individual follow up reports to each school as well as the overall summary report.</p>	Partially Implemented

Source	Assurance, Risk or Issue	Assurance
Other Assurance	<p>A Local Authority Designated Officer (LADO) annual report was presented to Children and Young Peoples Scrutiny Committee in November 2023 and references the introduction of an audit tool to quality assure management of the allegations process. It identified the results of the eight audits completed to date identifying 63% had been graded as good and 37% had been graded as requires improvement. This report identified areas for further development and key priorities for 2023-24. This provides positive assurance over the governance and management of systems and process in this area.</p>	

C. Adults and Public Health

Source	Assurance, Risk or Issue	Assurance
Audit	<p>We issued a draft report for an audit of the financial arrangements for Direct Payments that provides limited assurance that arrangements were in place to complete financial reviews of direct payment expenditure. The main reason for this opinion is because managed accounts, where a third party, supports the administration of the direct payment (c2/3 of cases) are not reviewed by the Council's direct payment audit team. We are discussing the findings with management and exploring options to support improvement before finalising the report.</p>	Limited
Audit	<p>Of six recommendations due for implementation from our audit of the Adaptations Delivery Model - four are partially implemented and two outstanding. Positive action has been taken to establish a working group including representatives from the Council and Housing Registered Providers to consider options to improve the timeliness and effectiveness of adaptations activity across the City. This working group should support further progress in implementing the remaining recommendations.</p> <p>There are also two recommendations relating to the Adult Social Care Contract Governance audit review which are outstanding. We have met with key officers to discuss progress and they have explained that action has been taken to reduce risks. We are awaiting documentation to confirm this position and will issue a conclusion on this in our follow up report in quarter three.</p> <p>We are in the process of completing a formal follow up of implementation of three significant recommendations made in our audit of Adults Care Package Payments. We have initially assessed these as partially implemented and will issue a follow up report when our work is completed.</p>	
Other Assurance	<p>A report was provided to Health Scrutiny Committee in October 2023 updating on progress in delivering the Making Manchester Fairer: tackling health inequalities in Manchester 2022-27 action plan. It summarised that significant progress had been made between October 2022 and 2023. The Anti-Poverty Strategy had been adopted and incorporated within Making Manchester Fairer and the first Making Manchester Fairer Board had met in May 2023. Programme governance had been implemented and foundation workstreams and thematic work had made significant progress. This report and update to Members provided positive assurance over the governance arrangements in place for overseeing this critical programme across the City.</p>	

D. Core: Corporate Services and Chief Executive


Source	Assurance, Risk or Issue	Assurance
Audit	Our Town Hall: Management of Post Procurement Cost and Reporting. Roles and responsibilities in terms of change requests and transfers between work packages were clear and being followed by organisations involved in the project. Regular cost reporting and divergence monitoring took place providing assurance over the current financial position of the project. Collaborative working between the various management and delivery partners was apparent to ensure the completeness and accuracy of cost reporting. No significant or critical recommendations were made.	Reasonable
	We finalised a report in respect of our audit of the Council's operation of imprest accounts. This confirmed the formal opinion of Limited assurance in this area with a number of critical and significant recommendations made. Officers have developed a positive action plan to deliver improvement in this area and we are engaged with some of the steps already being taken so are confident that issues are understood and improvement actions are being taken.	Limited
	We carried out a follow up audit in respect of recommendations made on Vendor Creation and Amendment. We were pleased to note that four of the five recommendations had been fully implemented, with progress made towards implementing the fifth.	Reasonable
	Two grant certifications were successfully completed this quarter. The first related to funding received as part of the Net Zero Pioneer programme overseen by Innovate UK. The Council's spend was £9k. A bid for further funding in this area has been submitted. The second certification was in relation to spend from the Changing Places Fund. Spend was £7k in 2022/23, and the remaining grant allocation of £168k is expected to be spent in 2023/24, with six Changing Places toilet facilities being delivered across the city.	Substantial
	Audit recommendation implementation is 70% with two recommendations outstanding in part. One relates to a recommendation made in our review of Social Value Monitoring and the other regarding Contracts Risk Management.	Substantial
Other	Our contract with a firm that review potential duplicate payments, credits and VAT coding errors continues, at the end of October this had recovered £366k back to the Council. The exercise covers three	

Source	Assurance, Risk or Issue	Assurance
Assurance	financial years' worth of data in relation to payments made through the Council's standard payment process (excluding social care payments, payments made by purchase card etc). A formal evaluation report will be produced at the conclusion of this exercise, but at this stage we do not consider the findings to be indicative of any particular control weakness.	
	<p>Two reports were presented to the Resources & Governance Scrutiny Committee in July, providing updates on delivery of major capital programmes. Each report gave an update on progress, budget and spend, and the delivery of social value commitments.</p> <p>The Factory International Progress Update also gave information on the wider area around the building, commercial and residential opportunities achieved. The Our Town Hall Project - Progress Update outlined high risk works still to be completed, timescales for these, and consequent timescales for reforecasting completion date and financial resource required. Increase in budget of £29m at this point with further anticipated in 2024.</p> <p>These reports each provide positive assurance over the management of high profile capital programmes, and the scrutiny over programme delivery provided by members.</p>	
	<p>The Council continues to support delivery of the external audit on previous years' final accounts. In July the Audit Committee were presented with the opinion on the 2020/21 accounts, and in September the opinion on the 2021/22 accounts. Both of these were agreed with unqualified opinions, although some areas for improvement in internal control were noted. Issues surrounding the regularity of imprest account reconciliation were identified in both sets of accounts and as noted above we have undertaken a review in this area and confirm actions are underway to address risk.</p>	
	<p>A report was presented to Resources & Governance Scrutiny Committee in September outlining proposed changes to the Council Tax Support Scheme. Alongside this a written representation from Debt Justice and Acorn Manchester was presented. These organisations commended the Council Tax department's recent review of debt recovery processes as "willing[ness] to put the welfare of the city's residents at the core of policy making" and requested the Council to end the use of enforcement agents to recover unpaid debt.</p> <p>Following the meeting, with the agreement of the Executive Member, a feasibility study in this area has been commissioned.</p>	

Source	Assurance, Risk or Issue	Assurance
	<p>This provides assurance over the Council’s ongoing response to vulnerable and low income residents, and the consideration of the potential consequent financial impact on available revenues.</p>	
	<p>The Resources & Governance Scrutiny Committee considered two technology-related agenda items in September. A paper on Artificial Intelligence and Automation was presented, which updated members on emerging control and governance arrangements – fast paced area and focus on decision making and active engagement with the potential uses and benefits in this area. The Committee also received a progress update in relation to the Resident and Business Digital Experience Programme. This confirmed the appointment of key delivery partners and gave some detail on the timeline for the next steps, including the anticipated replacement of existing functionality in February 2024, to provide greater system resilience and security. Both reports provide assurance that there is senior officer and member oversight of risks and the delivery of projects.</p>	
	<p>A brief update on the budget setting process for 2024/25 was presented to the Resources & Governance Scrutiny Committee in September. This included a draft timetable to support the formal agreement of the budget by Council in March 2024 which is an integral element of the Council’s governance and financial management processes.</p>	
	<p>In October the Resources & Governance Scrutiny Committee was presented with an update on delivery of the Council’s Workforce Equality Strategy. This reported that 38 of the agreed 47 actions had been fully delivered, with progress having been made in respect of a further 6. Overall there was improvement in the diversity of the workforce, with staff survey results also indicating that employees are seeing improvements across equality, diversity and inclusion. The Committee was also presented with an update on the plans to deliver the five priorities agreed as part of the wider Workforce Strategy, and the intended improvements that will result from its delivery.</p>	
	<p>The Resources & Governance Scrutiny Committee also received an update on the delivery of the Future Shape programme, which is focused on evolving the Council’s ways of working to better meet current challenges. This has been reshaped to better align to the Council’s operating model.</p>	

E. Growth and Development

Source	Assurance, Risk or Issue	Assurance
Audit	Audit work was undertaken to certify £8,482,757 of 2022/23 Disabled Facilities Grant expenditure. Based on our review we confirmed the Council was compliant with the grant conditions and provided our certification in advance of the 31 October 2023 deadline.	Certified
	We undertook a short piece of work to certify spend incurred in 2022/23 in respect of the Homes Upgrade Grant (HUG), providing improvement work to qualifying private sector properties with a low energy efficiency rating. While overall spend on the programme is expected to be £10.4m, spend in 2022/23 was ring-fenced to support mobilisation costs of £16k. No areas of concern were identified.	Substantial
	There are three outstanding audit recommendations in relation to Avro Hollows Tenants Management Organisation audit work which are over 12 months overdue. The Head of Strategic Housing will provide an update to Audit Committee Members at this meeting on the current position.	
Other Assurance	An Economy Report was presented to the Economic and Regeneration Scrutiny Committee September 2023. This provided an update on the development of a new Economic Strategy to ensure the City's economy is high performing and drives a reduction in inequalities.	
	The Communities and Equalities Scrutiny Committee September 2023 considered a Housing Retrofit update report which provided committee members with proposals to decarbonise properties across the City and described key achievements and planned activity.	
	The Annual Report on the Council's Section 106s was presented to Resources and Governance Scrutiny Committee October 2023 which provided assurance over the activity in this area and value of contributions received and spent in addition to highlighting key points from benchmarking activity with other Councils.	
	The Victoria North Strategic Business Plan was recently refreshed and considered by the Economic and Regeneration Scrutiny Committee October 2023. This provides a high-level summary of progress made in delivering the 988 homes and provided a summary of the high level opportunities, challenges and risks associated with the overall programme. This provides assurance that there is oversight of the Council's major projects.	

	<p>Manchester Adult Education Service (MAES) were rated 'good' in their latest Ofsted inspection providing assurance over adult educational standards and reaffirms the Council's mission to connect Manchester's adults to their potential, their community, and their future."</p>	
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F. Neighbourhood Services

Source	Assurance, Risk or Issue	Assurance
Audit	We attend the Housing Services Improvement Board and have met with the transformation team to discuss and provide support on the development of a Housing Services Assurance Framework. We will continue to engage with the service to progress this during quarters three and four.	Ongoing input and support
	Grant certification work was completed in respect of Arts Council funding supporting the Suzanne Lacy: Uncertain Futures exhibition at Manchester Art Gallery. No issues of concern were identified.	Substantial
	An audit recommendation made in our review of Damp and Mould in the Private Rented Sector was changed to implemented in the quarter. There are currently two partially outstanding audit recommendations at this time from the Review of Fire Risk Assessment Processes audit. We will continue to work with the service to assess progress with these along with determining progress with other upcoming audit recommendations as they reach agreed target dates.	
Other Assurance	The Housing Improvement Board meets monthly to oversee improvement activity across housing services. There is dedicated support from the homelessness transformation team to improve overall governance and provide programme support. Internal Audit attend this meeting and provide an update of audit activity and key issues to note.	
	The Communities and Equalities Scrutiny Committee October 2023 considered a report on the Homelessness Strategy and winter provision. This provided detail over the aims of the Homelessness and Rough Sleeping Strategy 2024-27 and the proposed model for winter 2023/24 Review of Homelessness Strategy . This provides assurance there is an agreed plan to respond to homelessness and rough sleeping this winter.	
	A new 3 year Building Stronger Communities Together Strategy was endorsed by the Communities and Equalities Scrutiny Committee in October 2023 in advance of approval by the Executive. This provided assurance over the strategic priorities to foster stronger relationships between different groups and communities in line with Our Manchester principles and objectives.	
	The Crime and Anti-Social Behaviour Task and Finish Group met a number of times during the quarter where they received a Presentation from the Manchester Community Safety Partnership and a report	

Source	Assurance, Risk or Issue	Assurance
	<p>providing an overview of the tools and powers used to address ASB: ASB Tools. This provides assurance of the current focus being given to the management of anti social behaviour.</p>	
	<p>The Environment, Climate Change and Neighbourhoods Scrutiny Committee received a number of updates in the quarter in relation to Waste, Recycling and Street Cleansing including an update in September on street cleansing services and how this contributes to protecting the environment, climate change agenda and key priorities for future. The October meeting received a Waste and Recycling Update providing an update on progress in delivering waste, recycling and fly tip removal. These provided assurance that there was oversight of this area.</p>	

G. Counter Fraud and Irregularity

Corporate Cases

Internal Audit received 16 referrals of potential fraud or irregularity during the period July to September 2023. A summary of the types of allegations, including the 16 cases brought forward from the previous quarter are provided in the table below. Of those listed below 9 were considered whistleblowing allegations and have been handled under the Council's Whistleblowing Policy and Procedures.

No	Type	Focus of Allegation(s)	Status	Conclusion
1	Corporate Employee – Conduct and Behaviour (b/f)	Data Breach	Completed	Unfounded
2	Corporate Employee - Conduct and Behaviour (b/f)	Decision Making	Completed	Partially Founded
3	Corporate Employee – Abuse of Position (b/f)	Recruitment	Completed	Unfounded
4	Schools – Abuse of Position (b/f)	Decision Making	Referred to Education	Unfounded
5	Corporate Employee – Conduct and Behaviour (b/f)	Bullying	Referred to HR	Unfounded
6	Contracting and Procurement - Contractor Conduct and Behaviour (b/f)	Inflated Invoicing	Ongoing	TBC
7	Contracting and Procurement - Contractor Conduct and Behaviour (b/f)	Health & Safety	Completed	Unfounded
8	Corporate Claims – Application Fraud (b/f)	Failure to Disclose	Completed	Unfounded
9	Corporate Employee – Conduct and Behaviour (b/f)	Bribery	Completed	Unfounded
10	Corporate Claims - Application Fraud (b/f)	False Details	Ongoing	TBC
11	Corporate Claims – Application Fraud (b/f)	False details	Completed	Unfounded.
12	Schools - Officer Conduct and Behaviour (b/f)	Bullying, Health & Safety	Referred to Education	TBC
13	Schools – Payment Misdirection (b/f)	Redirection of Funds	Completed	Prevented
14	Schools – Payment Misdirection (b/f)	Redirection of Funds	Completed	Prevented
15	Corporate Claims – Application Fraud (b/f)	False Details	Completed	Unfounded

No	Type	Focus Allegation(s)	Status	Conclusion
16	Corporate Claims – Payment Misdirection (b/f)	Redirection of Funds	Completed	Prevented
17	Contracting and Procurement - Contractor Conduct and Behaviour	Health and Safety	Ongoing	TBC
18	Contracting and Procurement – Contractor Conduct and Behaviour	Professional Conduct	Referred to Contractor	Founded
19	Corporate Employee – Conduct and Behaviour	Conflict of Interest	Completed	Founded
20	Third Party Grants	Misappropriation of Funds	Ongoing	TBC
21	Contracting and Procurement – Contractor Conduct and Behaviour	Inflated Invoicing	Ongoing	TBC
22	Professional Conduct and Behaviour	Conflict of Interest	Completed	Founded
23	Corporate Employee - Abuse of Position	Decision Making	Referred to Education	TBC
24	Corporate Employee – Abuse of Position	Recruitment	Referred to HROD&T	TBC
25	Professional Conduct and Behaviour	Social Media	Referred to Legal	Unfounded
26	Contracting and Procurement – Contractor Conduct and Behaviour	Professional Conduct	TBC	TBC
27	Schools – Corporate Employee	Misappropriation of Funds	Closed	Unfounded
28	Corporate Employee - Conduct and Behaviour	Decision Making	TBC	TBC
29	School - Conduct and Behaviour	Safeguarding	Referred to Education	TBC
30	School - Cyber	Suspicious Email	Completed	Founded
31	School - Cyber	Email Hack	Completed	Founded
32	School - Corporate Employee	Theft	TBC	TBC

Other Cases Reactive

Type	Cased B/F	Q2 Received 2023/24	Closed Q2 2023/24	Total C/F	Assurance Assessment
Business Rates	4	0	0	4	These relate to the concerns over eligibility to claim Small Business Rate Relief.
Business Grants – Covid19 with MCC	43	6	19	30	Investigation work is ongoing in relation to these cases by the Counter Fraud Team
Business Grants – Covid19 with GMP	8	0	8	0	
Business Grants – Covid19 with NATIS	12	3	0	15	With NATIS as per Central Government guidance
Business Grants – Covid 19 to be referred to BEIS	0	8	0	8	Investigation work completed. Cases to be written back to BEIS in line with Central Government guidelines
Council Tax Reduction Scheme	150	19	10	159	These relate to fraudulent declarations regarding household composition/financial circumstances or the failure to declare changes in circumstances affecting eligibility for relief.
Housing Tenancy Fraud	80	14	9	84	Allegations regarding illegal subletting of social housing.
Total	297	50	46	301	

Appendix Two: Executive Summaries of Audit Reports

The following Executive Summaries have been issued for the audit opinion reviews finalised between July and September 2023 and as requested by Audit Committee are attached below for information.

Ref	Audit Title
A	Our Town Hall – Management of Post Procurement Cost and Reporting
B	Foster Care Payments
C	Imprest Accounts
D	Vendor Creation and Amendment – Follow Up
E	Education- Safer Recruitment in Schools- Camberwell Park - Follow Up
F	Education- Safer Recruitment in Schools- Collyhurst Nursery School - Follow Up
G	Education- Safer Recruitment in Schools- St Andrews C of E Primary School – Follow Up
H	Education- Safer Recruitment in Schools- Loreto High School - Follow-Up
I	Education- Safer Recruitment in Schools- St Peters RC High School – Follow Up
J	Education- Safer Recruitment in Schools- St Philips C of E Primary School – Follow Up
K	Education- Safer Recruitment in Schools- St Wilfrid's Primary School – Follow Up

Where grant certification work is undertaken and certification criteria are met, it is standard practice to issue a shorter report without an executive summary. This was the case for our certification activity in respect of:

- Net Zero Pioneer
- Changing Places Fund
- Disabled Facilities Grant
- Suzanne Lacy: Uncertain Futures
- Homes Upgrade Grant.

Executive Summary A

Internal Audit Report 2023/24

Corporate Core

Our Town Hall - Management of Post Procurement Cost and Reporting

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over arrangements in place to ensure the effective management of post procurement cost.	Reasonable	High

Sub objectives that contribute to overall opinion	Assurance
Roles, responsibilities and expectations are clearly defined and understood.	Substantial
Systems and processes are in place for managing and approving the costs of change and budget transfer between packages.	Reasonable
Robust financial reporting arrangements exist and provide complete, accurate and timely information.	Reasonable

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Not applicable	-	-	-

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

1. Audit Summary

- 1.1 The Our Town Hall (OTH) project is a major project consisting of the restoration and update of the Manchester Town Hall to protect and improve it before reopening in 2024. The scheme aims to boost public access and ensure that the Town Hall building and Albert Square continue to play a role at the heart of City life. The construction element of the project has six work group clusters, comprising 149 work packages.
- 1.2 It is critical that work is completed on time, to budget and relevant standards to ensure that the overall programme of work is delivered in the planned timescale. We also note the increased risks around inflation and supply chain pressures likely to have an impact on the project. As such we have assessed this area as having a high business impact.
- 1.3 For this review we agreed with the Project Director to focus on the management of post procurement costs with a deep dive into two packages; Stonework and Non Structural Alterations, both of which have been subject to extensive post contract change as the scope of works has been validated on site.

2. Conclusion and Opinion

- 2.1 Overall, we can provide a reasonable assurance opinion over the arrangements in place to ensure the effective management of post procurement cost. Roles and responsibilities in terms of change requests and transfers between work packages were clear and being followed by the multiple organisations involved in the project.
- 2.2 There was a good evidence trail to support change requests and scrutiny of proposed changes was clear ahead of being approved. With the exception of Senior Responsible Officer and Deputy Chief Executive & City Treasurer approval (if needed), the project system, Aconex provided a comprehensive trail of the change from Early Warning to Instruction.
- 2.3 Regular cost reporting and divergence monitoring took place providing assurance over the current financial position of the project. Collaborative working between the various management and delivery partners was apparent to ensure the completeness and accuracy of cost reporting.
- 2.4 We have made a number of moderate recommendation to further strengthen the controls over the project.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1 The respective roles and responsibilities of the various organisations (Mace, Lendlease, F&G, MCC) involved in post procurement change was evident. Sample audit testing of the Stonework and Non Structural Alterations work packages confirmed there was clarity over which organisation drives each particular stage within the change control process. This was supported by a documented procedure and flowchart which defined the responsibility of each organisation with set timescales to be followed. This ensured sufficient time was given for the review of the proposed change and impact on budget by the relevant organisations.
- 3.2 There were good controls in place to manage change and budget transfers between work packages with the main evidence of rationale, funding route, impact on contingency, approvals and other relevant supporting evidence retained on the Aconex system. All project organisations had access to this and testing confirmed the use of standard templates for each part of the process. Any resulting questions or clarifications in response to a request for change were done through Aconex which provided a complete evidence trail to support any change.
- 3.3 In our sample testing of 20 change requests and budget transfers we confirmed the existence of robust controls to verify the validity of the change being requested and to corroborate the accuracy of detail and costings related to the request. Scrutiny and challenge of change requests was clear and requests were rejected if the change was not supported by sufficient evidence or explanation. Reasons for rejections included; the correction of figures, requests for the attachment of revised drawings, explanation of funding route and questions over why the change requested was not included in the original scope. In all cases tested the change was subsequently approved following further detail being provided.
- 3.4 We did note in the event that Senior Responsible Officer (SRO) and Deputy Chief Executive & City Treasurer (DCE&CT) approval was necessary, this was done outside of the Aconex system. SRO approval was obtained prior to the change resulting in a formally issued instruction and was evidenced by email. In terms of DCE&CT approval we understand the agreed process consists of gaining retrospective approval following the quarter end. The request for approval is sent by email along with a spreadsheet providing details of all the changes requiring this level of approval. Approval again is evidenced by email. We did note that approval was not always requested on a timely basis following the end of the quarter.
- 3.5 Ahead of the finalisation of project cost reports a 'costs to complete' exercise is undertaken each month by the lead for the individual work package (Management Contractor). This is a comprehensive reconciliation exercise to confirm the alignment of the forecast final costs excluding Early Warning Notices to the Kahua (Management Contractor's financial system) forecast final

cost and involves a line by line review of the costs to complete. This seeks to identify any duplicate instructions or those not appearing on Kahua or the costs to complete spreadsheet to allow for further investigation if not due to timing issues. For the work packages tested we did note some divergence, further detail is provided below.

- 3.6 Following the completion of the monthly cost to complete work, the management contractor produces a suite of cost information to support the tracking of change across the project. This consists of multiple spreadsheets and includes a change tracker dashboard providing useful data on the value of items on change tracker, categories which the change falls into, number of open items per cluster and the length of time open, an extract from the Kahua system, a construction risk register and a tracker which monitors future provisions and provisional sums. This is reviewed by the Council's Finance Lead for the project to ensure the information being reported looks correct and as this is the basis of reporting to the Project Board any challenge or queries would be raised ahead of this. Other checks include reviews of early warning and change to ensure there are no duplicate items. Any questions or queries raised are either evidenced on Aconex or are supported by emails and the Finance Lead maintains a log of queries raised for each month's reports to help in tracking these.
- 3.7 We walked through June 2023 cost reporting to vouch the figures provided to the Council to confirm the data provided was complete, accurate and timely. We confirmed that there were well detailed supporting schedules to supplement the figures being reported which provided assurance over the completeness and accuracy of information reported by the Management Contractor and F&G to the Council's project team. The level of detail provided with the cost reporting also allowed for further investigation of costs report if required.
- 3.8 Following learning from previous audit work cost divergence and monitoring processes continued to ensure the consistency of the project cost position by Lendlease and F&G and we confirmed the latest reported divergence was below the agreed threshold of £75,000.
- 3.9 Other means of assurance which provided transparency over the ongoing delivery challenges associated with the project included reporting to Resources and Governance Scrutiny Committee, with the most recent update report provided in July 2023. This highlighted significant challenges and intense pressures on cost and programme including nesting falcons, Covid-19, unprecedented levels of inflation and pressure on the supply chain. The report reflected on ongoing project risk which could impact on design co-ordination as well as cost and programme. Assurance was provided that risks continue to be tracked and reported at monthly progress meetings.
- 3.10 The report also referred to a number of works packages, including the external stone repairs works package tested as part of this review. This described a key challenge given this particular work package is subject to post contract scope validation. As such, the final scope was dependent on access from the scaffold

and opening up by the works package contractor which has accounted for additional costs to the project.

Key Areas for Development

- 3.11 As described above, some post procurement change required the approval of the SRO and DCE&CT. Evidence to support this approval sat outside the Aconex system. Consideration should be given to the inclusion of this evidence on Aconex to ensure a complete record is maintained of all correspondence and approval relating to post procurement change.
- 3.12 Our testing highlighted that whilst agreement was made for retrospective approval to be gained from the DCE&CT following the end of a quarter, this should be undertaken on a timely basis following the end of the quarter. We noted in our sample a change request approved by the SRO in January 2023 was not notified to the Deputy City Treasurer and approved until over six months following this date.
- 3.13 Improved detail could be included to explain reported divergence, for example we noted divergence for some of the work packages but there was insufficient or no detail to explain the difference. This was the case for External Stoneworks Albert Memorial, Chimneys 2a and Non Structural Alterations). In one case a comment referred to a conversation between LL and F&G but did not contain any further detail. When questioned on identified divergence, we were provided with appropriate explanation but for completeness we recommend additional detail is provided on the spreadsheets given these are viewed by multiple organisations, are a record of reasons for variation and to track resolution of any differences.
- 3.14 We undertook audit testing on a sample of 20 change requests and budget transfers for the NSA and Stonework work packages. We identified the following issues during our testing:
 - Response timescales set by the requestor for 8 of the sample tested were not in compliance with the agreed timescales and we saw examples of approval requested the same/next day. This does not allow sufficient time to review and challenge change requests.
 - Documents to support the change were not always dated (on quotes or spreadsheets) and version numbers were not always given to documents where multiple revisions of a document existed.
 - Details on the instruction had not been updated to reflect the costs which were revised during the request for agreement and approval stages of the change.
 - Change request documents suggested SRO approval was needed when this was not the case (2 instances).
 - One example of DCE&CT approval received six months after approval by SRO.

- The response to a question raised by the Project Director at approval stage was not detailed on Aconex by Mace. This was subsequently approved by the Project Director.
- Some considerable delays in the response to request for agreement were seen (7 and 5 weeks after request). In two cases the change appeared to have been due to scope gaps and questions were raised on whether these could have been avoided.

We therefore recommend some key messages are reinforced in terms of the adherence where possible of requested response times, expectations over the administration of key documents to be dated and version control used, the use of Aconex for all responses to questions raised.

- 3.15 In order to facilitate continuous improvement throughout the remaining months of the project we recommend the enhancement of reporting to highlight the main reasons requests for agreements and requests for approvals are rejected. This could then be shared with the relevant organisation involved in the project, key messages reinforced to promote lessons learnt and reduce the number of rejections that could have been avoided.

Executive Summary B

Internal Audit Report 2022/23

Childrens Services

Foster Care Payments

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over arrangements in place to prevent foster care over-payments.	Limited	Medium

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Develop reporting arrangements	Significant	6 months	31 July 2024
Confirm whether the cost tab is needed or could be removed and the placement tab used for entering costs. If not then action should be taken to minimise the risk of duplication of payments by strengthening existing procedures. Procedures for starting and ending payments should be reviewed to ensure they are clear on the checks needed by social workers when ending placements and clearly articulate the maximum length of time for interim payments.	Significant	6 Months	31 July 2024
Work to develop process maps for the payments process from raising the payments on liquid logic through to making the payments and recovering overpayments/ duplicate payments through controc should be completed and shared with all staff involved in the payments process.	Significant	6 Months	28 February 2024

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
Ensure that arrangements are in place to clear all aged debts for foster carers, either through invoicing or by agreement to write off. Procedures should be in place and training completed to ensure invoices are raised on a timely basis for future balances owed by foster carers due to overpayments or duplicate payments.	Significant	6 Months	31 July 2024
Assurances should be obtained for those instances where we identified errors that any monies owing have been recovered or there is a plan to recover. For the 31 instances where we could not establish if an overpayment had been made, further work should be completed to confirm if these were errors.	Significant	6 Months	31 January 2024
Confirm documentation standards for records supporting individual foster care payments and remind staff of these. Assurance arrangements should be developed to ensure these standards are being complied with on an ongoing basis.	Significant	6 Months	31 December 2023

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

This report has been produced in conformance with Public Sector Internal Audit Standards

1. Audit Summary

- 1.1 The Fostered Care service provide a home for children and young people who are unable to live at home and require short to medium term care before they can secure more permanent arrangements.
- 1.2 Children and young people need different types of foster care depending on their circumstances. Care is provided by Manchester residents who must meet stringent criteria and are thoroughly vetted, or through specialist foster care companies.
- 1.3 Payments are made to foster carers based on their experience of providing foster care and the number of children fostered. Additional payments can be made for school uniforms, birthdays, Christmas or religious festivals, equipment and funding for special support the child needs.
- 1.4 Duplicate payments to foster careers have been identified by the Looked After Children and Finance teams and through the Internal Audit team. Investigations into foster care overpayments date back to 2019 and from four cases we are aware of the total value of known overpayments is £72,000.
- 1.5 This audit was undertaken to try and help confirm root causes as to why overpayments are occurring and identify if these are one-offs, a result of specific errors or a systemic weakness.

2. Conclusion and Opinion

- 2.1 We are only able to provide **limited** assurance over arrangements in place to prevent foster care overpayments.
- 2.2 Overall we remain concerned that this audit and a related investigation have confirmed ongoing risks of duplicate or overpayments and that *[details redacted as they provide information that if made public could increase a risk of attempted fraud against the Council]*.
- 2.3 From the original data extracted for the audit we identified 164 cases of potential duplicate or overpayments that warranted further analysis. From further analysis alongside the Specialist Business Support Officer we confirmed:
 - 69 did not have any errors and were payments that overlapped for legitimate reasons;
 - 31 were unclear and need further investigation by the service;
 - 25 had been an error but had already been corrected by the social worker; and
 - 39 were duplicates or overpayments either historical or ongoing.
- 2.4 For those corrected by social workers a charge would have been added to the individual carers account which would be recovered via their next payment.

- 2.5 For carers who no longer received payments from the Council, the overpayment will not have been recovered. In these instances a manual invoice would need to be created to recover monies. The Payments Team Leader confirmed that invoices for recovery of such monies were not currently being completed due to resource shortages in the team and at the time of our audit the un-invoiced debt for foster care errors stood at over £170,000.
- 2.6 *[details redacted as they provide information that if made public could increase a risk of attempted fraud against the Council].*
- 2.7 A separate investigation completed by our fraud and irregularity team into four overpayments of significant value also highlighted that records supporting these payments were limited. The absence of key documentation may increase the risk of overpayments occurring whether that be as a result of fraud or error. This also undermines the ability of the Council to recover overpaid funds. We have recommended this documentation should include:
- Foster care agreement - to be updated and signed following any changes in placements or approval status. If none of these are applicable, then records should be updated every year following reapproval.
 - Medical consent (for any child living with carers)
 - Delegated authority (for any child living with carers)
 - Child's care plan (for any child living with carers)
 - Placement undertaking (for any placement)
 - Placement Planning Meeting (for any child placed with carers)
 - Health and Safety (updated annually or after any change)
 - Foster Carer DBS (every 3 years)
 - Foster Carer Medical (every 3 years)
 - Foster Carer Annual Review (every year)
 - Foster Carer Supervisions (every 6 weeks)
 - Personal Development Plan (to be updated annually)

Executive Summary C

Internal Audit Report 2022/23

Corporate Services, Financial Management

Imprest Accounts

Executive Summary

Audit Objective	Assurance Opinion	Business Impact
To provide assurance over the imprest accounts are operated in line with corporate policies and procedures, including Financial Regulations and Cash Handling Procedures.	Limited	Medium

Sub objectives that contribute to overall opinion	Assurance
Decisions to set up or close imprest accounts are supported by a clear rationale and approved through a standard process.	Limited
Funds are transported and stored securely at all times.	Substantial
Clear and consistent evidence is securely retained in support of each financial transaction processed and is reviewed before additional funds are released.	Limited
Roles and responsibilities are clearly defined and allow for appropriate segregation of duties throughout the process.	No
Anomalies regarding the use of imprest accounts are reported in a timely manner, through an established escalation process.	No

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
A framework of roles and responsibilities in relation to imprest accounts should be agreed.	Critical	3 months	31 December 2023

Key Actions (Appendix 1)	Risk	Priority	Planned Action Date
A clear procedure for the approval, set-up and regular review of the business need for all imprest accounts should be agreed.	Significant	6 months	31 December 2023
Once the procedure for assessing business need for imprest accounts has been established, all existing imprest accounts should be assessed using the new procedure.	Significant	6 months	31 March 2024
Approval should be sought to provide a separate imprest account to each of the services currently sharing an account.	Significant	6 months	31 March 2024
Specific imbalances outlined in our audit fieldwork should be addressed.	Critical	3 months	31 December 2023
Imprest accounts should not borrow money from other accounts and the guidance and documentation should be updated to reflect this.	Significant	6 months	31 March 2024
An agreed (minimum monthly) frequency of reconciliation should be confirmed with all account holders.	Critical	3 months	31 December 2023

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

1. Audit Summary

- 1.1 Imprest accounts are primarily used to provide emergency support, or to provide funds to individuals without bank accounts. They are administered locally through district offices. If the use of imprest accounts is not well controlled, the Council could be exposed to a number of potential risks, including reduced value for money in purchasing, an increase in administration time required, and the potential for loss or misappropriation of funds. The external auditor's review of the 2020/21 accounts (finalised in July 2023) also noted a high priority control weakness with regard to reimbursement and reconciliation of imprest accounts. Consequently, we

agreed with managers to review the design and implementation of the Council's arrangements for managing imprest accounts.

2. Conclusion and Opinion

- 2.1 Based on the work we have undertaken, we are only able to provide limited assurance that imprest accounts are operated in line with corporate policies and procedures, including Financial Regulations and Cash Handling Procedures.
- 2.2 Overall we were satisfied that procedures had been established to control the use of imprest accounts, and that cash handling arrangements were strong. Records were kept in relation to each request for cash from social workers and could be reconciled to levels of cash held on site.
- 2.3 However, we found significant issues with the wider operation of accounts. Roles and responsibilities throughout the Council were not formally defined and assigned, resulting in an inconsistent level of challenge and support for account holders. Several accounts had been displaying levels of imbalance which had not been rectified, and accounts were not being routinely reconciled and reimbursed for spend incurred. *[details redacted as they provide information that if made public could increase a risk of attempted fraud against the Council]*.
- 2.4 We also found that basic account administration duties, such as regular completion and return of the required reconciliation documents, were not always being routinely completed. Record keeping in relation to loans between accounts was limited and not supported by evidence of approval. Account details were out of date in some cases and statements were not being issued due to a lack of activity in respect of some accounts.
- 2.5 While not within the scope of our work, we noted that alternative systems were being trialled to facilitate electronic payments. These systems are designed to reduce the levels of risk and required administration associated with holding cash at district offices, including reduction of travel time for social workers, visits to bank branches, and cash counting. We support the review, evaluation and potential expansion of these schemes as a positive approach to improving control and visibility over the use of Council funds, and reducing the risks identified.

3. Summary of Findings

Key Areas of Strength and Positive Compliance

- 3.1 We identified good practices in the following areas:
 - A procedure manual had been developed which covered key areas of account operation.

- Strong cash handling controls had been put in place. Officers had a good understanding of the detail of the cash handling procedures and were following these in practice.
- At the sites we visited, there was supporting paperwork for each transaction processed, which gave some assurance over the validity of payments made.
- Transactions were recorded on an Electronic Cash Journal which provided for a reconciliation of the payments made to the cash withdrawals and the bank balance.

Key Areas for Development

- 3.2 It was clear that responsibility for account management was assigned to the account holder. However, there was minimal evidence of governance or scrutiny over poor practice in administering accounts. When anomalies were identified there was no consistent expectation for handling these and little corporate scrutiny of reports and reconciliations produced. For example, one account was allowed to continue withdrawing funds despite not submitting complete reconciliation paperwork. This account had built up an overdrawn balance of over £50k without external challenge.
- 3.3 Lending between accounts was permitted, to allow for emergency situations where account holders were unable to withdraw funds directly from a bank. However this was poorly controlled and where it was most prevalent led to imbalances, due to an absence of supporting paperwork and inconsistencies in recording across the two sites. One site had a cash balance in the safe which was equivalent to over four years' worth of imprest transactions at that site. This had resulted from the repayment of a loan from another site where transaction volumes were larger. Retaining such a high cash balance on site increases the risk of loss of funds.
- 3.4 The overall administration of imprest accounts was not effectively controlled, with no documented business case being required to set up a new account and no review of its continuing suitability. Some of the accounts we reviewed were responsible for less than £100 a week in transactions. One account had been unused for over four years with a residual balance of under £1. In addition, the account names and statement addresses held centrally were not all current, meaning that some statements were not being issued to or received by those actually operating the accounts.
- 3.5 [details redacted as they provide information that if made public could increase a risk of attempted fraud against the Council].

Executive Summary D

Internal Audit Report 2023/24

Corporate Core, Finance (Exchequer Services)

Vendor Creation and Amendment Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of audit recommendations agreed in response to the audit of Vendor Creation and Amendment, issued in July 2022.	Partially Implemented

1. Audit Summary

- 1.1 In July 2022 Internal Audit undertook an audit/assurance review of vendor creation and amendment to provide assurance over the design and operation of controls over the vendor master file.
- 1.2 Based on the work undertaken we provided a limited assurance opinion and made five recommendations for improvement with agreed target dates for implementation between January 2023 and April 2023.

Priority	Accepted	Rejected
Critical	1	0
Significant	2	0
Moderate	2	0
Minor	0	0

- 1.3 In order to provide assurance to the Accountable Officers, SMT and Audit Committee we undertook a follow up audit to confirm whether the exposure to risk had reduced. This was not a full re-review of the operation of the vendor creation and amendment processes, but rather an assessment of progress made with the implementation of the agreed audit recommendations.

2. Conclusion and Opinion

- 2.1 Our review of progress against these recommendations shows positive progress in implementation. Four of the five recommendations had been fully implemented, with significant progress being made towards implementation of the remaining one. As a result we therefore conclude there is a reduction in the overall exposure to risk in this area.

Executive Summary E

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- Camberwell Park – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of Camberwell Park School issued 1 November 2022.	Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at Camberwell Park School in November 2022 and concluded a limited assurance opinion, making four significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess the progress made in addressing the recommendations made in the November 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been significantly reduced, with the implementation of all seven recommendations made in the original report.

The School Business Manager and HR Administration Officer have taken prompt action following the audit, introducing additional controls that have strengthened the overall control environment, specifically;

- DfE checks for any prohibitions and sanctions against staff are repeated annually and recorded on the SCR.
- Section 128 checks are completed for all management roles and are recorded on the SCR.
- Appropriate references are requested for each recruitment exercise.
- Evidence of ID and RTW checks are retained on personnel files and are accurately reflected on the SCR.
-
- Relevant QTS evidence is now retained on personnel files.

- The School Business Manager has implemented a safer recruitment monitoring sheet, it detailed the staff involved in shortlisting and staff on the interviewing panel including who was safer recruitment trained.
- The recruitment policy has been updated to include the process for recruitment of employees with a criminal conviction including the need to retain relevant documentation.

Executive Summary F

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- Collyhurst Nursery School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of Collyhurst Nursery School issued 24 October 2022	Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at Collyhurst Nursery School in October 2022 and concluded a reasonable assurance opinion, making three significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess the progress made in addressing the recommendations made in the October 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been significantly reduced, with the implementation of all four recommendations made in the original report.

The Office Manager has taken prompt action following the audit and has introduced additional controls that we consider have strengthened the overall control environment, specifically;

- Evidence of ID and RTW checks are retained on personnel files with the details matching those recorded on the SCR.
- Two references are now always requested from relevant employers.
- The Office Manager has implemented a safer recruitment monitoring sheet, it detailed the staff involved in shortlisting and staff on the interviewing panel including who was safer recruitment trained.
- Staff that are involved in recruitment have all attended safer recruitment training.

Executive Summary G

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- St Andrews C of E Primary School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of St Andrew's C of E Primary School issued 17 October 2022.	Partially implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at St Andrew's C of E Primary School in October 2022 and concluded a limited assurance opinion, making one critical and five significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess progress in addressing the recommendations made in the October 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The School have not employed any new staff since our initial audit, therefore our findings in this follow up are based on discussion with the Head Teacher over improvements, review of any new documentation introduced to address previous risks and review of cases audited in the initial review to confirm that previously raised issues had been addressed.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been reduced with progress being made in fully implementing three recommendations (one critical, one significant and one moderate risk) and partially implementing one significant risk recommendation made in the original report. Four recommendations (three significant and one moderate) have not been progressed so there remains considerable risk in these areas. The confirmed status of recommendations is detailed in Appendix 1.

The Head Teacher has updated procedures following our initial audit and implemented three of the recommendations, specifically;

- Evidence of DBS checks is retained on personnel files and renewed every three years.
- DfE checks for any prohibitions and sanctions against staff are repeated annually and recorded on the SCR.
- Staff have attended safer recruitment training.

The key actions that still need to be addressed are as follows;

- Relevant reference requests should be retained on personnel files.
- Ensure the SCR is updated with details of ID and RTW checks being completed to reflect the records on personnel files.
- Relevant QTS evidence should be retained on personnel files.
- Retain evidence of staff involved in shortlisting and interviews to demonstrate consistency between those involved in shortlisting and interviewing.

Executive Summary H

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- Loreto High School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of Loreto High School issued 19 October 2022.	Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at Loreto High School in October 2022 and concluded a reasonable assurance opinion, making two significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess the progress made in addressing the recommendations made in the October 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been reduced and all control issues identified during the audit have been addressed with the implementation of the two recommendations made in the original report. The confirmed status of significant recommendations is detailed in Appendix 1.

The School have strengthened their personnel records to address concerns raised in our original audit. The Human Resources Manager updates the School's electronic personnel records on SIMs with details of staff involved in shortlisting and retain some of the interview notes to evidence the staff interviewing and to confirm staff are safer recruitment trained.

Executive Summary I

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- St Peter RC High School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of St Peter's High School issued 8 November 2022	Partially Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at St Peters High School in November 2022 and concluded a reasonable assurance opinion, making three significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess progress in addressing the recommendations made in the November 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been reduced with progress being made in fully implementing three recommendations (one significant and two moderate recommendations) and partially implementing the remaining two significant risk recommendations made in the original report. The confirmed status of recommendations is detailed in Appendix 1. The Finance and Personnel Manager has taken action following our initial audit and implemented a number of recommendations, including;

- DfE checks for prohibitions and sanctions are now repeated annually and recorded on the SCR.
- Two references are requested from the most recent employers or where the employee has only had one employer the School have requested references from education providers.
 - Staff involved in safer recruitment have now been safer recruitment trained.

The key actions that still need to be addressed are as follows:

- Ensure evidence is retained of ID and RTW verification on personnel files.
- Ensure evidence of staff involved in shortlisting is retained

Executive Summary J

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- St Philips C of E Primary School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of St Philips Primary School issued 17 October 2022.	Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at St Philips CE Primary in October 2022 and concluded a limited assurance opinion, making two significant recommendations and one critical recommendation to improve the control environment.

We recently completed a planned follow up visit to School to assess progress in addressing the recommendations made in the October 2022 report. We reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been significantly reduced, with the implementation of all four recommendations made in the original report.

The School Business Manager has taken prompt action following the audit and has introduced additional controls that we consider have strengthened the overall control environment, specifically;

- Clear allocation of responsibilities in relation to the Single Central Record (SCR) including management oversight. The Administration Officer is responsible for completion and update of the record with periodic review and oversight demonstrated by the School Business Manager and Head Teacher.
- The Executive Head Teacher now completes termly spot checks of the SCR and personnel files for assurance over consistency and completeness.

- The School Business Manager has implemented a safer recruitment monitoring sheet in each personnel file which requires confirmation of completion of all key safer recruitment tasks.

Executive Summary K

Internal Audit Report 2023/24

Education- Safer Recruitment in Schools- St Wilfrid's Primary School – Follow Up

Audit Objective	Overall Implementation Status
To provide assurance over the implementation of recommendations agreed in response to the audit of St Wilfrid's RC Primary School issued 18 October 2022	Implemented

Audit Summary

As part of a thematic audit of arrangements across a number of schools, Internal Audit reviewed the safer recruitment controls at St Wilfrid's RC Primary School in October 2022 and concluded a limited assurance opinion, making two critical recommendations and four significant recommendations to improve the control environment.

We recently completed a planned follow up visit to School to assess the progress made in addressing the recommendations made in the October 2022 report. We have reviewed evidence and this report summarises the outcome of our assessment.

The summarised findings from each school will also be shared within an overall Safer Recruitment follow up report which we will issue to the Director of Education at Manchester City Council.

Conclusion and Opinion

The overall exposure to risk has been significantly reduced, with the implementation of all seven recommendations made in the original report.

The School Business Manager has introduced additional controls that we consider have strengthened the overall control environment, specifically;

- DBS and barred checks are now reflected in the SCR and document verification dates and type of documentation verified is included on the SCR.
- DfE checks for any prohibitions and sanctions against staff are repeated annually and recorded on the SCR.
- Two references are requested from employers and voluntary role references if individuals had only had one employer.
- The recruitment policy has been updated to include an overseas checklist.
- Evidence of ID and RTW checks are retained on personnel files and are accurately reflected in the SCR.

- The School Business Manager has implemented a safer recruitment checklist, detailing staff involved in shortlisting and staff on the interviewing panel including who was safer recruitment trained.
- The Head Teacher has completed safer recruitment training.

Appendix Three: Audit Reports Issued 2023/24

Audit Area	Audit Status	Assurance Opinion	Council Impact	
Children's and Education Services				
Brought Forward (BFwd) Ofsted Governance	Final	Assurance Report	High	
BFwd Early Years Casework management		Reasonable	Medium	
BFwd Supporting Families Programme		Reasonable	Medium	
BFwd School of the Resurrection: Financial Health Check		Limited	Medium	
BFwd Foster Care Payments		Limited	Medium	
Schools: Financial Value Standard	Complete	Completed Return to DfE	Medium	
Education- Safer Recruitment in Schools- Camberwell Park - Follow Up	Final	Implemented	Low	
Education- Safer Recruitment in Schools- Collyhurst Nursery School – Follow Up		Implemented	Low	
Education- Safer Recruitment in Schools- St Andrews C of E Primary School – Follow Up		Partially Implemented	Low	
Education- Safer Recruitment in Schools- Loreto High School – Follow Up		Implemented	Low	
Education- Safer Recruitment in Schools- St Peters RC High School – Follow Up		Partially Implemented	Low	
Education- Safer Recruitment in Schools- St Philips C of E Primary School – Follow Up		Implemented	Low	
Education- Safer Recruitment in Schools- St Wilfrid's Primary School - Follow Up		Implemented	Low	
Schools: Safer Recruitment Follow Up – Overall Report		Draft	Partially Implemented	High
BFwd Oswald Road Primary School: Financial Health Check			Limited	Medium
BFwd Peel Hall Primary School: Financial Health Check	Fieldwork	Set at Draft Report	Medium	
St Francis RC: Financial Health checks			Medium	
Schools: Business Management and Financial Controls Assessment			Medium	
Schools: Cyber Security			High	
Education, Health and Care Plans	Planning		High	
Early Years and Education System: Data Quality			High	

Audit Area	Audit Status	Assurance Opinion	Council Impact	
Schools: Financial Health checks	Not Started		Medium	
Placement Finding Service			Confirmed at Planning	
Children's Disability Services				
Elective Home Education / Alternative Provision				
Supporting Families				
Schools: Assurance Mapping				
Health and Care (Adult Services)				
BFwd Adaptations	Final	Limited	Medium	
Adults Direct Payments Draft	Draft	Limited	High	
Adults Quality Assurance	Fieldwork	Set at Draft Report	High	
Mental Health	Planning		High	
Adults Performance Reporting	Not Started		Confirmed at Planning	
Better Outcomes Better Lives				
Integrated Health and Care				
Public Health – integrated care system				
Corporate Core				
BFwd Contracts Risk Management	Final	Reasonable	High	
BFwd Factory Project: Work Packages	Final	Reasonable	High	
ICT Assurance: Public Service Network Code of Connection 2023	Complete	Assurance Report	High	
Contracts: Our Town Hall Work Management of Post Procurement Cost	Final	Reasonable	High	
Financial Systems: Vendor Creation and Amendment Follow Up	Final	Partially Implemented	High	
Financial Systems: Imprest Accounts	Final	Limited	Medium	
Grant Certification: Net Zero Pioneer	Complete	Certified	Mandatory	
Grant Certification: Changing Places Fund	Complete	Certified	Mandatory	
Contracts: Adults Contract Governance Follow Up	Fieldwork	Set at Draft Report	Medium	
Workforce: Officer Gifts and Hospitality			Medium	
Counter Fraud: National Fraud Initiative			High	
Financial Systems – Adults Payments – Amended to Adults Budget Management			High	
Core Financial Systems – Legal Services			Medium	
ICT Assurance: Assurance Mapping			High	
Workforce: Joiners, Movers, Leavers			Medium	
Workforce: Recruitment			High	
Financial Systems: Assurance Mapping			Not Started	Confirmed at Planning
Financial Systems: Treasury Management				
Financial Systems: Spend Analysis				
Financial Systems: Foster Carer Payments Follow Up				

Audit Area	Audit Status	Assurance Opinion	Council Impact	
Financial Systems: Parking				
Communications – Translations Service				
Information Governance: Data Management Policy				
Contracts: Factory Project Assurance				
Contracts: Zero Carbon				
Contracts: Security Contract Management				
Contracts: Adult Social Care Providers				
Neighbourhoods				
BFwd Homelessness Rents Team: Review of Core Processes	Final	Reasonable	Medium	
Housing Services: Fire Risk Assessment	Final	Limited	High	
NEW Grant Certification: Suzanne Lacy Uncertain Futures	Complete	Certified	Mandatory	
Waste Management Contract	Draft	Reasonable	High	
Housing Services: Assurance Framework	Fieldwork	N/A	High	
NEW Repairs and Maintenance Contract (Housing Services) Performance Management and Reporting		Set at Draft Report	High	
Homelessness: Commissioning Team Review		Planning	Medium	
Housing Services: Complaints		Not Started		Confirmed at Planning
Highways: Parking				
Highways: Delivery Management				
Homelessness: A Place Called Home				
Growth and Development				
BFwd Unauthorised Building Work	Final	Limited	Low	
BFwd Biodiversity Net Gain Grant Certification	Complete	Certified	Mandatory	
Disabled Facilities Grant Certification	Complete	Certified	Mandatory	
Homes Upgrade Grant Certification	Complete	Certified	Mandatory	
Major Projects Assurance	Fieldwork	Set at Draft Report	High	
Biodiversity Net Gain Grant	Certification no longer required	Cancelled	N/A	
Building Control	Not started	Set at Draft Report	Confirmed at Planning	
Unauthorised Building Work: Follow Up Review			Low	

Appendix 4: Basis of Audit Assessment

Level of Assurance	Description
<i>The level of assurance is an auditor judgement applied using the following criteria</i>	
Substantial	Sound system of governance, risk management and control. Issues noted do not put the overall strategy / service / system / process objectives at risk. Recommendations will be moderate or minor.
Reasonable	Areas for improvement in the system of governance and control, which may put the strategy / service / system / process objectives at risk. Recommendations will be moderate or a small number of significant priority.
Limited	Significant areas for improvement in important aspects of the systems of governance and control, which put the strategy / service / system / process objectives at risk. Recommendations will be significant and relate to key risks.
No	An absence of effective governance and control is leaving the strategy / service / system / process open to major risk, abuse or error. Critical priority or a number of significant priority actions required.

Priority	Assessment Rationale		
<i>The priority assigned to recommendations is an auditor judgment applied using an assessment of potential risk in terms of impact and likelihood.</i>			
Critical	Significant	Moderate	Minor
Actions < 3 months	Actions < 6 months	Actions < 12 months	Management discretion
<ul style="list-style-type: none"> • Impact on corporate governance • Life threatening / multiple serious injuries or prolonged work related stress • Severe impact on service delivery • National political or media scrutiny • Possible criminal or civil action • Failure of major projects • SMT required to intervene. • Statutory intervention triggered. • Large (25%) impact on costs/income • Impact on the whole Council. 		<ul style="list-style-type: none"> • Some impact on service governance • Some risk of minor injuries or workplace stress • Impact on service efficiency • Internal or localised external scrutiny • Procedural non-compliance • Impact on service projects • Handled within Service • No external regulator implications • Cost impact managed at Service level • Impact on Service or Team 	