

**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 23 July 2024

**Subject:** Outstanding Audit Recommendations Quarter One 2024/25

**Report of:** Assistant Director (Assurance & Risk)

---

**Summary**

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

This report summarises the implementation position at the end of June 2024.

**Recommendations**

The Committee is recommended to consider the assurance provided from the follow-up of outstanding audit recommendations.

---

**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	None
--	------

<b>Our Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
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
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	Council and indirectly to the achievement of organisational objectives and the Our Manchester Strategy.
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

**Contact Officers:**

Name: Tom Wilkinson  
Position: City Treasurer  
Telephone: 0161 234 1017  
E-mail: tom.wilkinson@manchester.gov.uk

Name: Tom Powell  
Position: Assistant Director (Assurance & Risk)  
Telephone: 0161 234 5273  
E-mail: tom.powell@manchester.gov.uk

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

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

- Internal Audit progress reports to Audit Committee
- Outstanding Audit Recommendations Report to Audit Committee – February 2024

## **1.0 Introduction**

- 1.1 Audit Committee are provided with regular reports on actions taken to address outstanding high priority recommendations made by both Internal and External Audit.
- 1.2 There are four categories of recommendation priority: critical, significant, moderate, and minor. This report provides the details of progress to address outstanding recommendations in the high risk (critical and significant) categories and an update on proposed next steps. This report focuses solely on Internal Audit recommendations, as there are currently no External Audit recommendations being tracked.
- 1.3 This report also includes an update on progress made by school to address recommendations from school audit reports.

## **2.0 Background**

- 2.1 Internal Audit follows up management actions on high-risk recommendations at least quarterly to obtain assurance that progress is being made to address risk. Management is required to provide demonstrable evidence to show that agreed actions have been implemented. Internal Audit considers this evidence and may choose to re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively.
- 2.2 Where a limited or no assurance opinion is issued, a full follow up audit is undertaken after 6-12 months to test whether agreed areas for improvement have been addressed.
- 2.3 In addition to recommendations agreed as part of planned assurance reviews, we have now formalised our approach to capturing and tracking recommendations made through audit investigations. In specific circumstances where we find systemic control weaknesses or gaps, we will produce an action plan for management, identify action owners and agree implementation dates. Critical and significant recommendations will be monitored via the existing processes.
- 2.4 Where system related issues are found, we may include them in standard recommendation reporting to Committee but that may not be appropriate in all cases, for example, if the recommendation relates to actions needed to be taken to reduce the risks of fraud or theft where publishing to the public at large would present an increased likelihood of crime. For completeness we will continue to report progress on all counter-fraud related audit activity to the Committee through the Counter Fraud Annual report.
- 2.5 Progress made in the implementation of agreed actions is reported quarterly to Directorate Leadership Teams (DLTs), Strategic Management Team (SMT) and Audit Committee. Executive Members are notified of high priority recommendations reaching six months overdue. At nine months overdue,

Strategic Directors are required to attend Audit Committee with the relevant Executive Member to explain the position and progress to either address or accept the reported risks.

- 2.6 In accordance with Audit Committee expectations, the risk relating to recommendations that are not fully implemented will not be written back to Strategic Directors when they are over 18 months past the agreed implementation date. Directors will continue to attend this Committee to outline the reasons for delay and mitigating actions that they consider have reduced risk exposure to a tolerable level.

### **3.0 Current Implementation Position Update**

- 3.1 The position in terms of high priority internal audit recommendations is summarised below. Implemented recommendations are described in detail at Appendix 1. Overdue recommendations are detailed in Appendices 2,3 and 4.
- 3.2 This report relates to Council activities only.

#### **Outstanding Recommendations – over 12 months**

- 3.3 There are four recommendations that are over 12 months old.
- Avro Hollows Tenants Management Organisation (TMO) – three recommendations are over 18 months overdue as reported previously to Audit Committee. An Independent Review was commissioned and has resulted in a report and an action plan for the TMO of areas for development. There is also a recommendation for the Council to review the allowances paid to the TMO. The plan is substantial and reflects serious concerns over governance, financial management and performance management across TMO activities. It incorporates the actions previously recommended by Internal Audit. The TMO has committed to action and some of these have already been completed but there is much more to do. The Assistant Directors for Strategic Housing and for Assurance and Risk will receive regular update reports and are meeting with the Board and Estate Manager monthly to understand progress in addressing risk.
  - Social Value Monitoring – One recommendation remains partially implemented. Whilst this is 15 months overdue, we have not requested attendance from officers or the Executive Member as a paper on proposals for the use of the remaining banked hours has been written and was tabled for the July Social Value Governance Board meeting. We have been advised this has to be moved back to September due to other pressing items but if not presented and agreed at that meeting the Director will be asked to present an update to Audit Committee.

#### **Overdue Recommendations – 6 to 12 months**

- 3.4 There are eight recommendations that have been overdue for between six and twelve months.

- Adults Care Package Payments (2) - We have completed a follow up audit in this area. The Service took the decision to undertake a larger redesign of processes than was envisaged at the time the audit was finalised, with audit recommendations now integrated as part of this wider and more substantial change process. Whilst this has delayed the dates of implementation of our original recommendations, the new operating model should address the issues identified and set the service up for improved, sustainable long-term operations. Significant work has been undertaken and there has been evident progress but the iterative project methodology has meant we are only able to confirm recommendations partially implemented at this stage.
- Imprest Accounts (2) – management have confirmed actions have been completed to address risks but a dedicated follow up review of progress in this area is planned. Both these recommendations relate to regular reconciliation of account balances, and investigation of any anomalies identified. We are assured that substantial progress towards implementation of both recommendations has been made but will seek evidence of this in order to confirm full implementation. This follow-up will be completed by the end of August.
- Adult Social Care Contract Governance (1) – We undertook a follow up review and confirmed the implementation of one recommendation. Although progress had been made to strengthen contract management/monitoring of providers the other there is some assurance needed over provider completion of enhanced performance monitoring reports. We understand this should be done in the next quarter and will follow up to obtain and share this assurance with management and Audit Committee.
- Review of Fire Risk Assessment Processes (1) – The follow up review confirmed the implementation of all but one recommendation which remains outstanding in part. This relates to the development and roll out of a corporate no access/refusals policy. Whilst we confirmed a policy has been developed with input from relevant services and has been shared with the Housing Advisory Board this needs to be communicated to residents which we expect will take place as part of testing and launch in the next 3 months.
- Unauthorised Building Work (2) – We undertook a follow up review and confirmed the partial implementation of two recommendations. We acknowledge additional duties brought about by the Building Safety Act and this has been a factor impacting progress. Whilst progress has been made, the agreed actions are not complete and we consider the exposure to risk around compliance and assurance over actions to address unauthorised building work remains.

### **Overdue Recommendations – 1 to 6 months**

3.5 We are tracking 11 recommendations that are now in this category:

- Homelessness: Commissioning and Contract Management - 2 partially implemented

- Major Projects Assurance: Victoria North - 4 partially implemented
- Imprest Accounts - 2 partially implemented
- Foster Care payments - 1 not implemented and 1 partially implemented.
- Direct Payments - 1 recommendation remains partially implemented.

#### **4.0 Recommendation**

- 4.1 Audit Committee is requested to note the current process and position in respect of high priority Internal Audit recommendations.