

MANCHESTER CITY COUNCIL

REPORT FOR INFORMATION / RESOLUTION

COMMITTEE Audit Committee

DATE: 25 September 2008

SUBJECT: Internal Audit – Outturn Report July 2007 to June 2008

REPORT OF: The City Treasurer

PURPOSE OF REPORT

To provide the annual outturn report on the work of Internal Audit from July 2007 to June 2008.

RECOMMENDATIONS

Members are requested to note the audit activity for the year 2007/2008.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS:

None

CONTACT OFFICERS **Tel Number** **E~Mail Address**

Richard Paver	234 3564	r.paver@manchester.gov.uk
Tom Powell	234 1433	t.powell@manchester.gov.uk
Kathryn Fyfe	234 1428	k.fyfe@manchester.gov.uk

BACKGROUND DOCUMENTS

N/A

WARDS AFFECTED N/A

IMPLICATIONS FOR KEY COUNCIL POLICIES

<u>Anti-poverty</u>	<u>Equal Opportunities</u>	<u>Environment</u>	<u>Employment</u>
None	None	None	None

INTERNAL AUDIT OUTTURN REPORT JULY 2007 – JUNE 2008

1. Introduction

- 1.1 This report provides a summary outturn report of the work of the Internal Audit Section between July 2007 and June 2008 following the progress report to Audit Committee in June 2008. It contains information about resourcing and identifies the activities of the Section against the Annual Audit Plan. Assurance outcomes were reported in June 2008 and the next quarterly progress and assurance report will be presented to the October Audit Committee.
- 1.2 An Interim Head of Audit has been appointed. A separate report is to be provided to the Audit Committee on progress made against the Service Improvement Project and the plans to develop a new Audit Strategy.

2 Resourcing

- 2.1 Internal Audit establishment in 2007/08 was 26 excluding the Head of Internal Audit post. The Section had several vacancies during the year at Head of Internal Audit, Audit Manager (PO6), Lead auditor (PO4), Principal Auditor (PO2/3) and Senior Auditor (SO1/2) levels. A recruitment exercise was carried out for the Audit Manager (PO6) post and an appointment was recently made. The structure and resourcing of the Section is currently under review.
- 2.2 The audit plan for 2007/08 estimated a deployment requirement of 3745 audit days based on the risk assessment carried out to develop the audit programme. This plan was agreed with senior management and Audit Committee. The plan included deployment of existing resources and anticipated recruitment of permanent staff to vacant posts mid year. These posts were not in fact filled in the period.
- 2.3 An interim team structure was in place during the year to ensure that the resources pressures were managed and that Internal Audit remained, where appropriate, responsive to the needs of the Council. In this structure three staff remained in temporary acting up positions as Head of Internal Audit, Audit Manager and Lead Auditor and the teams were deployed flexibly across the directorates to ensure that high risk and time specific work was completed.
- 2.4 Job Evaluation was carried out by the Audit Section during the last quarter of the year. This process aimed to assess the job requirements in Internal Audit to confirm the grading of posts. This involved a review of roles and the appropriateness of job descriptions, the career grade audit training programme and interviews with audit staff. Confirmation of the result is due in September.

3 Delivery of the 2007/08 Audit Programme

- 3.1 A total of 3252 days were used on direct audit work, fraud investigations and demand led work requested by the business. This was significantly lower than planned. 1445 days were used on planned, non-audit activities which included training, continuing professional development, recruitment, job evaluation, business development and general management matters. The figure includes 268 days sick leave (which included long term sick leave of two staff) and there were two staff on maternity leave during the period.
- 3.2 Since the end of the year the staffing in the section has remained stable. The Lead Auditor who had been acting up to the role of Audit Manager was appointed to the role on a permanent basis following an extensive recruitment process. Stability has been achieved despite periods of uncertainty linked to the arrival of the Interim Head of Internal Audit and the process of Job Evaluation that is now in the final stages of completion.
- 3.2 To increase capacity for delivery 153 audit days were bought in from the Salford Computer Audit Service and Deloitte to assist with delivery of specific IT audits and from PricewaterhouseCoopers for delivery of part of the schools audit programme.
- 3.3 A total of 165 final outputs were issued in the year against a KPI target of 140. A further seven reports remained in draft at year end. The outputs included audit reports, management letters and advice and support to management on service improvement. For some areas of the plan more than one output was produced as a result of the scoping of work or to address specific risks or developments.
- 3.4 However a significant number of audits planned for 2007/08 were not delivered and concerns were raised by external audit about the number of deferred audits from the audit programme. The decisions to defer work were taken case by case and were due to a combination of resourcing pressures, increased levels of demand led work and fraud investigations and overruns on planned work. Some work from the audit plan was on-going at year end with planned delivery into 2008/09. The 39 audits deferred from the original plan were re-assessed as part of the planning round for 2008/09 and taken forward to the new audit programme as appropriate. The status of delivery against the original audit plan at year end is presented at Appendix 1.
- 3.5 Completion of work carried forward from 2006/07 was managed in the first quarter of the year but some over runs occurred in part due to response times from auditees. Additional work in relation to the corporate priorities was carried out at senior management request and this led to the deferral of planned audit work. The outcomes of this work are shown at Appendix 2.

4 Recommendation Implementation

- 4.1 Internal Audit continued to monitor implementation of recommendations during the year and to develop the review mechanism to encourage management to actively address implementation at the right time. Update reports were sent to senior managers to request management review of progress and explanations for delay in implementation. At year end progress toward implementation of the recommendations remained mixed. Internal Audit are told that the reasons for this include capacity, time and priority.
- 4.2 A report on implementation progress was submitted to Audit Committee in June 2008 exploring some of the reasons for delay in implementation and further updates will be provided in 2008/09 to assess the effectiveness of action taken by management to address risks.
- 4.3 The current status of recommendations by Directorate is reported in Appendix 3. The report focuses on the implementation rates for 2006/07 and 2007/08 split between high, medium and low risk recommendations. Overall it shows that at year end implementation rates for recommendations made in 2006/07 had risen to 47% and for 2007/08 implementation had reached 43% of the total recommendations made. This is an increase on June 2008 but highlights that there remain a significant number of recommendations outstanding.
- 4.4 The arrangements for the monitoring and management of recommendation implementation during 2008/09 is one of the areas of focus for the Interim Head of Internal Audit. Positive meetings have been held with SMT members as well as Corporate Services, Neighbourhood Services and Children's Services management teams as to how implementation timescales can be improved in the future.

**Appendix 1
Audit Plan 2007/08 Outturn**

Key :
S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Corporate Services				
Customer Relationship Management (CRM)	To review the services that are currently delivered using Customer Relationship Management technology and provide assurance that the control environment surrounding the use of CRM technology for service delivery in the current Phase 2 round is designed to operate robustly to ensure that risks are minimised.	C/A	M	Deferred. Project timetable changed and may be superseded by focus on the customer strategy being proposed by MIP. Scope will be assessed in 2008/09 plan.
Procurement to Pay	To ensure that the Council systems enable appropriate payments to be made to creditors and provide for value for money for goods and services bought to support business operations.	S	M	Complete Report issued
Council Tax (CT)	To confirm that effective systems are in operation to ensure Council Tax due to the Council is correctly identified, calculated and collected.	S	M	Near completion Preparatory work feeding into 2008/09 audit. The audit is largely complete as at September 2008.
Grant certifications (Various)	To ensure that Statements of grant usage made to central government accurately reflect eligible expenditure and that grants have been used in line with the terms and conditions. Current examples are central government funding for Local Area Agreement and Housing Market Renewal and Supporting People.	P	M	Complete Statements issued on grants in respect of: <ul style="list-style-type: none"> • HMR • Supporting People • LAA
Disciplinary Procedures	To provide assurance on the consistency and equity of application of disciplinary procedures throughout the Council.	S	M	Complete Advice and Support issued during the year.
Housing Benefit	To carry out a risk assessment of the HB system with management and confirm the sufficiency of the assurance programme. To carry out a Post implementation review (PIR) of the Academy system. To confirm whether effective systems are in place to ensure correct benefit payments with minimal fraud and/or error.	A/S	M	Complete <ul style="list-style-type: none"> • PIR • Post Opening • Data Quality • Risk assessment
SAP Basis	To assess how the key technical aspects of the SAP systems (for example databases, batch processing, recovery - collectively known as 'Basis') are managed and controlled to ensure that confidentiality, integrity, availability and security of information and the information system are maintained at all times.	S	M	Complete Report issued
Revenue Setting Budget	To ensure the Council's budget setting process reflects the priorities identified in its organisational and departmental plans.	S	M	Deferred to 2008/09
Revenue Monitoring Budget	To provide an independent assessment on how corporately and departmentally budgets are monitored and controlled to ensure actual activity is in line with budgeted expectations.	S	M	Complete Report issued
Email policy	To evaluate the effectiveness of revised email monitoring procedures. This will include an assessment of policies and procedures as well as technical audit work.	S	M	Near completion Draft report issued
Legal Debt Recovery	To assess whether an effective legal recovery process is being operated in respect of unpaid debts due to the Council.	S	M	Complete Report issued

Key :
S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Final Accounts	Review areas of key risk in compilation of the Authority's final accounts providing support to the business in addressing errors and omissions, prior to presentation of the accounts to the external auditors.	P	M	Complete Management letter issued
Payroll	To assess the effectiveness of systems in place that ensure the accuracy, completeness and timeliness of payroll processing.	S	M	Complete Report issued
Income Collection	To confirm whether the systems in place are effective and ensure that income due to the Council is promptly billed, collected, recorded and banked.	S	M	Near completion Preparatory work feeding into 2008/09 audit. The audit is largely complete as at September 2008.
Job Evaluation (JE)	To assess the effectiveness of the job evaluation process and to offer support and advice as required.	A	M	Deferred to 2008/09
Travel and Subsistence	To assess the policies and procedures in place to ensure travel and subsistence expenses are managed and paid on a consistent basis across the Council.	S	M	Deferred to 2008/09
National Non-Domestic Rates (NNDR)	To confirm policies and procedures are in place to ensure that NNDR is correctly identified, calculated and collected.	S	M	Complete Management letter issued
VAT Administration	To review the overall administration of systems used to control the capture and calculation of VAT transactions leading to an assessment of the completeness of the overall VAT calculations and monthly returns submitted to HMRC.	S	M	Complete Management letter issued
Treasury Management	To provide assurance that a strategic approach to Treasury Management is adopted and that there is efficient and secure use of investment and borrowing facilities to support the Council's operations.	S	M	Complete Preparatory work feeding into 2008/09 audit. Final report issued in September 2008.
On Line Returns	To confirm what controls are operated to ensure all remotely keyed miscellaneous cash income details at 400 establishments are properly completed at the correct time, and that reconciliations are carried out centrally to confirm accuracy of input data.	S	L	Complete Merged with Income Audit 2008/09
Information Technology - Access	To review the corporate approach that is taken to the granting, changing and cessation of access to key council systems and utilities including email and access to the internet.	S	L	Deferred to 2008/09. Planning meeting with Salford Computer Audit Services September 2008.
Asset management	To assess how the Council identifies and manages all of its assets, ensuring that their value and security is maintained at all times and how it determines the most appropriate asset portfolio to hold.	S	M	Deferred in agreement with management - timing
Finance Service Improvement Project	To contribute to the SIP process and to provide advice on internal control issues where significant changes are made to the overall control environment.	A	M	Complete Advice and Support issued during the year.
CTU Service Improvement Board	To contribute to the CTU SIP and to provide timely advice on development matters.	A	M	Complete Advice and support issued during the year and attendance at Board meetings
Back Office Support Board	To contribute to the ongoing support and governance provided by the Back Office Support Board and provide timely advice on control matters.	A	L	Complete Contribution to business support team – advice and support /review of key developments in year.
Performance and				

Key :
S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Governance				
Crime and Disorder Unit	To assess the effectiveness of the operation of the Crime and Disorder Unit, focussing on partnership governance, management of finance, performance and risk, workforce planning and changes to legislation.	S	H	Deferred to 2008/09 Planning meeting held in August 2008 to scope this review
Manchester Improvement Programme (MIP)	To assess progress and follow up the recent Audit Commission work on governance of the MIP programme.	A	H	Deferred to 2008/09 External Audit review ongoing in this area so scoping meeting in August 2008 to avoid duplication.
Local Public Service Agreement 2 (LPSA) (Year 3)	To provide management/stakeholders with assurance that effective systems for the measurement, reporting and action planning of each target are in place to ensure that performance is maximised and underachievement/poor performance is adequately addressed.	S	M	Complete LPSA2 statement issued
Training and Development	To ensure that policies and procedures for training and developing the Council's employees are effective, consistent and complied with. This will include skills and corporate capacity.	A	M	Deferred to 2008/09
Performance Indicators	Management arrangements ensure the accuracy consistency and completeness of performance indicators reported and that poor performance is specifically identified and addressed. Will include communication and management use of Performance Indicators.	S	M	Superseded As above with LPSA2 and work underway on the National indicator Set (NIS).
Data Quality	To confirm that the Council's data quality policies and procedures deliver accurate, relevant information to support performance reporting and to determine the extent of compliance with them.	S	M	Complete Report issued
Workforce Diversity	To assess the effectiveness of systems in place to develop the Council's workforce diversity, including evaluation of the effectiveness of policies and procedures and the extent to which they comply with legislation.	S	M	Deferred to 2008/09
Risk Management	To ensure that the corporate risk management framework is operating effectively and to establish managers' understanding and application of risk management principles to business planning and delivery.	S	H	Deferred to 2008/09
Corporate Business Planning	To test the effectiveness of the new business planning process at the corporate centre and in departments.	S	H	Deferred to 2008/09
The Manchester Partnership (LSP)	To establish the nature, extent and effectiveness of the Manchester Partnership's new governance and business planning arrangements including performance monitoring and risk management.	S	H	In progress Fieldwork complete and report being drafted.
Constitutional Review (Governance Working Group)	To ensure that the Constitution (inc. Financial Regulations) is kept up to date, is accessible to users and takes account of changes in the way the Council works	A	H	Complete Advice and Support on GWG matters including: <ul style="list-style-type: none"> • Code of Conduct • Code of Corporate Governance • Contributed to development of AGS processes and annual review Reviewed and Produced guidance on: <ul style="list-style-type: none"> • Financial Regulations • Anti-Fraud and Corruption • Whistleblowing

Key :

S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Hospitality and Gifts	To determine the effectiveness of Council policy on receipt of hospitality and gifts by officers and to establish the degree of compliance with established policies and procedures.	S	M	Complete Management letter
Information Management	To ensure that the Council's information management policy and procedures are effective, communicated and complied with.	A	M	Deferred. Project timetable changed and may be superseded by focus on the information strategy being proposed by MIP. Scope will be assessed in 2008/09 plan.
Children's Services				
Financial Management Standards in Schools (FMSiS)	To manage and conduct the external assessment of the required sample of 40% primary schools in relation to FMSiS requirements. This will include an assessment of 59 primary schools in 2007/08.	A	H	Complete Certification examination for 50 schools. Other nine dropped out by choice
School Audits	To ensure that financial management and governance within individual schools operates effectively and complies with Council and Government rules and legislation. The audit programme is based on best practice standards outlined in Keeping Your Balance. The work will cover 25 primary schools and five high schools selected on the basis of risk.	S	H	Complete Reports issued on: <ul style="list-style-type: none"> • 2 secondary • 33 primary • 1 nursery • 3 special schools
Attendance and Attainment	To ensure the effectiveness of Council actions to measure, monitor and support measures to improve attendance and attainment in schools.	S	H	Deferred to 2008/09
School budgets	To ensure management of budgets are being undertaken effectively in schools with the support of the Council and that any deficits and surpluses are being actively managed.	S	H	Ongoing Draft report issued in September 2008
Governance in Schools	To assess whether governance arrangements in schools are operating effectively, deliver accountability in decision-making and are supported by the Council.	S	H	Complete Advice and support to project during the year.
Annual Pupil Census	To ensure that the procedures in place to deliver accurate and timely pupil census data are effective, including School Census, Pupil Level Annual School Census (PLASC) and School Level Annual School Census (SLASC).	S	H	Ongoing Draft report issued in August 2008 and awaiting management responses.
City Learning Centres	To confirm that City Learning Centres are run efficiently and effectively with financial management and governance arrangements that are adequate and consistent.	S	M	Ongoing Draft report will be issued in August 2008.
Procurement in Schools	To confirm that contracting and procurement processes and procedures in schools are consistent with Financial Regulations and operate effectively to deliver value for money.	S	M	Deferred to 2008/09
Special Educational Needs (SEN) Procurement and Delegations	To ensure that contracting and procurement systems for delivering SEN placements and processes for delegating SEN monies to schools are in place and operate effectively.	S	M	Deferred to 2008/09
Children's Services Budget Management	To ensure that Budget management within Children's Services is performed effectively and efficiently in line with corporate requirements.	S	H	Complete Addressed at Corporate level as part of Budget monitoring audit.

Key :
S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Building Schools for the Future	To ensure that the BSF programme governance arrangements and structures are effective, including high-level decision-making, risk management and programme management.	DS	H	Deferred to 2008/09
Sure Start	To ensure effective and ongoing delivery of the Sure Start agenda including partnership governance arrangements and funding.	S	H	Complete • Management letter issued • Draft report issued
Children's Services External Funding	- That there is a comprehensive and effective approach to the management of external funding across children's services that ensures funding is applied for, managed, monitored and received in an appropriate consistent and effective fashion and that senior management are fully aware of all such finding.	S	H	Complete Report issued
Children's Services Performance Management	- To ensure that the Corporate Performance Framework is being effectively delivered in Children's Services.	S	H	Deferred because of changes which will affect performance management.
Manchester Education Partnership	To provide support and advise to Manchester Education Partnership Senior Management in their extensive review and development work in the Manchester Education Partnership.	A	M	Deferred to 2008/09
Early Years Service	To confirm the adequacy and completeness of definitions of the service to enable the service to achieve income generation targets and also achieve key outcomes in delivering better outcomes to children.	S	M	Deferred to 2008/09
Nurseries Voluntary/Private (including financial management and service provision)	- To ensure that the procedures in place to deliver accurate and timely attendance data to support nursery grant funding claims from nurseries are effective appropriate and consistent and that there is an adequate and effective monitoring function to ensure nursery compliance with performance targets and service standards.	S	M	Deferred to 2008/09
Children's Health Disability Unit	To confirm the Children's Health Disability Service meets the needs of service users and contributes towards key aims and objectives in an efficient and effective fashion	S	M	Deferred to 2008/09
Children's Services District Model Restructuring	- To provide support and advice to Senior Management throughout the change to District Commissioning including assurance over the effectiveness of the process.	A	H	Deferred because of status of restructuring in Children's Services.
Regeneration				
Housing Market Renewal (HMR)	To ensure that partnership governance arrangements contribute effectively to the delivery of the Council's housing market renewal strategy.	S	H	Draft report to be issued in September 2008
Procurement - Policies and Procedures	To assess whether Council policies and procedures provide adequate guidance to secure the best value for money in accordance with legal requirements in procuring goods and services.	S	H	Deferred to 2008/09
Management of Efficiency Savings	To provide assurance that the MIP process includes policies and procedures which identify, validate, review and report efficiency savings.	A	H	Superseded Merged with review with procurement policies
Framework Contracts	To assess whether framework contracts deliver the expected results in terms of value for money, closer working and skills transfer.	S	H	Deferred to 2008/09
Gateway Processes	To confirm the Gateway process provides effective external validation that projects are designed to deliver promised outcomes. (One report with Capital Budget Monitoring)	S	H	Complete Report issued

Key :

S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Open Book Arrangements	To provide assurance that the system for open book access to client / contractor financial records is adequately monitored and managed to ensure fair and reasonable payments are made to appointed contractors.	S	H	Complete Report issued
Use of Manchester Methodology	To evaluate the effectiveness of the Manchester Methodology in project management for Citywide projects.	S	H	Ongoing Fieldwork commenced August 2008
European Regeneration Development Fund (ERDF)	To provide assurance and support to management that system of control for ERDF has been strengthened and that the Council's exposure to the risk of claw back of external funding has been effectively addressed.	S/A	H	Complete Advice and Support including proposals for assurance work, progress and comment on Audit Committee report
Value for Money (VFM) in Significant Partnerships	To provide assurance that management direction and review ensure VFM is secured and measured in projects and programmes carried out by Regeneration in partnership with other organisations.	S	H	Deferred to 2008/09
Monitoring Public Finance Initiatives (PFI) - Service Delivery	To obtain assurance that management arrangements are in place to assess how far service delivery is in line with contractual expectations.	S	H	Superseded Merged with review with contract monitoring arrangements
Manchester Adult Education	To provide assurance that the setting, recording, monitoring, managing and reporting of Financial and Performance standards adequately supports the business unit in its delivery programme.	S	H	Deferred to 2008/09
Benefits Realisation - Special Events	To provide assurance that policies and procedures are in place to ensure effective benefits realisation assessments.	S	H	Cancelled
Capital Budget Monitoring	To provide assurance on how capital budgets are monitored and controlled to ensure actual activity is in line with budgeted expectations. (One report with Gateway Processes)	S	H	Complete Report issued
Planning - Appeals and Enforcement	To provide assurance that policies and procedures in place ensure the effective delivery of the planning appeals and enforcement procedures.	S	M	Complete Report issued
Heritage Security	To provide assurance that policies and procedures are in place to ensure that valuable cultural assets in the Council's custody are identified, recorded and secured.	S	M	Deferred to 2008/09
Urban Traffic Control (UTC)	To assess the adequacy of management arrangements for delivering the objectives of the Urban Traffic Control Unit.	S	M	Complete Report issued
External Sponsorship Arrangements	To ensure that decisions to secure external sponsorship for Council events are made transparently, informed by correct and timely information, in accordance with Council rules and in the best interests of Manchester and its citizens.	S	M	Cancelled
Neighbourhood Services				
Adult Services - Service Redesign	To provide assurance that the Adult Services Service re-design project first tranche is managed efficiently and effectively in line with the Manchester Method and contributes to the strategic vision for Adult Services.	A	H	Deferred to 2008/09
Neighbourhood Services Budget Management	To ensure that Budget management within Neighbourhood Services is performed effectively and efficiently in line with corporate requirements.	S	H	Examined as part of Corporate Budget monitoring review

Key :

S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Green City Project	To ensure that the Green City Programme is being managed effectively and in accordance with the Manchester Method, including risk and performance management.	S	H	Deferred to 2008/09
Neighbourhood Services Performance Management	To ensure that the Corporate Performance Framework is being effectively delivered in Neighbourhood Services.	S	H	Deferred to 2008/09
MiCare	To review the effectiveness of the implementation of MiCare in Adult Services and Children's Services and to evaluate its effectiveness as a single integrated support mechanism following implementation.	DS	H	Complete Report issued
Homelessness	To provide assurance that the homelessness service is effective and efficient in housing homeless people in line with aims, objectives and statutory responsibilities.	S	H	Complete Management letter issued
Housing Investment Options - Stock Transfer	To confirm that the Governance arrangements and management arrangements for the HIO programme and projects continue to be robust efficient and effective. Also that these projects continue to be delivered as planned in line with expectations	S	M	Draft Report
Management of Residence Monies	To evaluate management arrangements to ensure effective and efficient controls over resident monies held at care homes.	S	M	Merged with Client Financial Services Unit review below
Resident Payments	To ensure the adequacy of management arrangements and operational processes for making residential payments in an accurate efficient and effective fashion.	S	M	Complete Report issued
Individual Budgets - Adult Services	To review the effectiveness of initial systems developed by Adult Services to allocate individual budgets to adults in receipt of financial support and the audit process for monitoring payments and spend.	S	M	Draft report
Re-ablement	To establish the effectiveness of phase one of the reablement service for adults with a physical disability including achievement of outcomes and benefits realisation	S	M	Deferred to 2008/09
Universal Housing System - COMINO	To provide assurance that new Housing Management system (Comino) has been effectively implemented in line with expectations and adequately supports the delivery of the service.	S	M	Deferred to 2008/09
Adult Protection	To assess the effectiveness of Council systems to ensure that vulnerable adults are effectively and efficiently protected in line with legislative requirements.	S	M	Deferred to 2008/09
Street Management	To ensure controls in place to deliver Street Management's business objectives are working efficiently and effectively, with particular focus on car parking, performance, management information and service delivery.	S	M	Deferred to 2008/09
Business Continuity	To ensure that the Council complies with its obligations under the Civil Contingencies Act 2004 and that business continuity and emergency planning arrangements are in place and operating effectively.	S	M	Deferred to 2008/09 based on management request
Older People Care Provider Monitoring	To evaluate whether City Council arrangements for monitoring providers of care to older people are effective efficient and de ensure the appropriate care of older people in line with expectations and legislation.	S	M	Deferred to 2008/09
Housing - Successor Organisations Monitoring and Service Level Agreement (SLA)	To ensure that Council monitoring of successor housing organisations (i.e. Private Sector Landlords, PFIs and ALMOs) to support performance reporting, and the service delivered to successor housing organisations under SLA's is effective and efficient.	S	M	Deferred to 2008/09

Key :
S = System Audit / DS = Developing System Audit / P = Probity C/A Consultancy and Advice

Audit Area	Audit Synopsis	Type	Risk	Audit Status
Client Financial Services Unit	To ensure that the Client Financial Services Unit has systems, policies and procedures in place to properly manage and account for funds in respect of service users whose financial affairs are controlled by the Council.	S	M	Complete Report issued
Licensing - Private Sector Housing	To provide assurance that the Council is effectively and efficiently fulfilling it's statutory obligations in relation to private sector licensing (Housing Act 2004).	S	M	Deferred to 2008/09
Other Internal Audit work				
Greater Manchester Passenger Transport Authority (GMPTA) - Performance Management	To ensure that the policies and procedures developed to evaluate and assess GMPTA's performance management arrangements are fit for purpose and working.	S	M	Deferred to 2008/09
GMPTA - Risk Management	To ensure that the GMPTA risk management framework effectively identifies and provides for the management of the GMPTA's key risks.	S	M	Complete Report issued to GMPTA
National Adjudication (NPAS) - Parking Services	To ensure that the NPAS Risk Management framework is developed, implemented and used by managers to manage risks effectively	S	M	Complete <ul style="list-style-type: none"> • Report issued to NPAS now PATROL • Financial Management systems reported (Sept 08)
Investigation and Fraud				
Investigations and Whistleblowing	To undertake investigations based on demand led referrals from managers, officers and others in line with the Council anti-fraud and whistleblowing policies	P	H	Complete Demand led <ul style="list-style-type: none"> • 26 Investigation and 4 whistleblowing reviews
National Fraud Initiative (NFI)	To complete the review and investigation of data matches identified and provided by the Audit Commission as indicating possible erroneous or fraudulent payments or other benefits.	P	H	Complete <ul style="list-style-type: none"> • Audit Commission submission completed • Report issued
Internal Audit and Risk management SIP	Review of the Internal Audit stream of the Audit and Risk Management SIP including benchmarking and stakeholder analysis		H	Complete Draft report produced feeds into proposals being developed by Interim Head of Internal Audit
Recommendation monitoring	To review progress to implementation of recommendations made in 2006/07 and 2007/08		H	Complete Reports to SMT during year

Appendix 2

Audits published in 2007/08 brought forward from 2006/07

Audit Title	Type of Audit
St Chrysostom's C of E Primary School	Children's Services Follow Up Audit
ERDF Grant Conditions	Exposure to risk reported to Audit Committee.
Competition Rules	System Audit
Payroll	Core Financial System Audit
Housing Benefit Subsidy	Core Financial System Audit
IT Use by Looked After Children	IT System Audit
Data Quality	Performance Management Audit
St Paul's C of E Primary School	Children's Services Audit
Stanley Grove Community Primary School	Children's Services Audit
The Willows Primary School	Children's Services Audit
Scheme of Delegation	Governance
Use of Consultants	Corporate Services
Manchester Youth College phase2	Children's Services
HB Subsidy	Corporate Services
Recruitment	Corporate Services
Asylum Seekers Accommodation and support	
Ravensbury Primary School	Children's Services Audit
Christ the King RC Primary School	Children's Services Audit
Moston Fields Primary School	Children's Services Audit
Chapel Street Primary School	Children's Services Audit

Other Work Allocated and Published In-Year

Audit Title	Type of Audit
Manchester Youth College	Interim Report on Phase 3 Grant Funding
Community Network for Manchester	Advice and support
Unsupported Invoices	Follow Up Audit
Wythenshawe Credit Union	Advice and Support
Barlow RC High School	Health check/follow up
Adoption Allowances	Management Letter
St Margaret's Primary school	Report
Financial regulations	Review of Financial Regulations and rewrite of guidance
Anti-Fraud and Corruption	Review of Anti Fraud and Corruption policies and rewrite of policy and guidance
Whistleblowing	Review of Whistleblowing policies and rewrite of guidance.
Money Laundering Regulations	Money Laundering Regulations – review of policy and workshop for AGMA group.
Manchester Care Candidate Partnership	Advice and support/Management letter

RECOMMENDATION MONITORING JULY 2006 TO JUNE 2008

1. Recommendations from reports in 2006-07

Business Area	Recommendations Made				Recommendations Superseded by Alternative Controls				Recommendations Implemented (% of total)				Recommendations Outstanding Past Due Date (% of total)			
	H	M	L	Total	H	M	L	Total	H	M	L	Total	H	M	L	Total
Children's Services	33	321	63	417					21	126	20	167 (40%)	8	182	42	232 (56%)
Neighbourhood Services	24	49	7	80					18	34	4	56 (70%)	3	10	3	16 (20%)
Performance	0	0	0	0					0	0	0	0	0	0	0	0
Governance	6	2	6	14					2	2	2	6 (43%)	4	0	4	8 (57%)
Corporate Services	62	41	11	114	6	3	0	9 (8%)	42	32	10	84 (74%)	14	6	1	21 (18%)
Regeneration and Procurement	8	0	1	9					8	0	1	9 (100%)	0	0	0	0

- Children's Services – By far the majority of recommendations relate to schools. Good progress was made in implementing recommendations between January and July 2008 but, as expected, there has been little progress during the summer holidays. Internal Audit consider it likely that a number of these recommendations could have been implemented but that schools have yet to inform us of progress that has been made in these areas.
- Neighbourhoods – A relatively small number of recommendations remain outstanding in this area.
- Performance – All issues are included in the 2007/08 update.
- Governance – The majority of recommendations relate to New East Manchester. Assurance has been received that the issued will be implemented by the end of September 2008.
- Corporate Services – Work is ongoing in addressing recommendations around ICT access and network infrastructure as well as revenues and benefits. Delays are largely attributable to issues around system development that are taking longer than expected and on-going activity on the FM SIP in respect of recommendations relating to the manual uplift audit.
- Regeneration – All recommendations have been implemented.

2. Recommendations from reports in 2007-08

Business Area	Recommendations Made				Recommendations Superseded by Alternative Controls				Recommendations Implemented (% of total)				Recommendations Outstanding Past Due Date (% of total)			
	H	M	L	Total	H	M	L	Total	H	M	L	Total	H	M	L	Total
Children's Services	38	216	100	354					23	113	42	178 (50%)	12	97	57	166 (47%)
Neighbourhood Services	7	13	0	20					0	0	0	0	5	8	0	13 (65%)
Performance	9	17	6	32					2	2	0	4 (13%)	7	15	6	28 (87%)
Governance	4	0	4	8					0	0	0	0	1	0	1	2 (18%)
Corporate Services	30	34	11	75					7	5	3	15 (20%)	22	28	8	58 (77%)
Regeneration and Procurement	28	27	6	61					15	12	5	32 (52%)	1	5	0	6 (10%)

- Children's Services – As with 2006/07 the majority of recommendations relate to schools but there has been an improvement in terms of implementation. There are thematic issues in this area around the segregation of duties, procurement, budget monitoring and governance. Internal Audit and Children's Services are working together to consider how support for progress in these areas can be best affected. As above Internal Audit consider it likely that a number of these recommendations could have been implemented.
- Neighbourhoods – Due to sickness absence progress has not been chased in this area. Arrangements have been agreed with the service that should enable more effective monitoring and management of recommendation implementation during the remainder of the year.
- Performance – Recommendations largely relate to the development and embedding of Data Quality arrangements and actions to be taken in respect of specific performance indicators. Some of these may be superseded 2008/09 audit work on LPSA2 and NIS indicators.
- Governance – Two recommendations remain in this area.
- Corporate Services – There have been some delays in the implementation of systems that have resulted in slippage in the completion of recommendations. Examples included the purchase card system and the need for software changes to enable better reporting for the payroll system. The Financial Management and Personnel SIPs has also resulted in some delays in implementation. There is also a risk that deadlines that managers are setting for themselves are too optimistic and the reality is that complex changes to systems and processes are taking longer than initially envisaged. Overall Internal Audit is comfortable with progress being made in these areas.

- Regeneration – A large number of recommendations are not past their due date. Over half of the high priority recommendations have been implemented and a number of the outstanding issues relate to the consistent use performance appraisals across the directorate. Management understand these issues and are acting to embed procedures before confirming that the actions are complete.