

**SUMMARY OF AUDIT REPORTS WITH OUTSTANDING RECOMMENDATIONS**

<b>Audit Report</b>	<b>Issued</b>	<b>Recommendations Implemented as at April 2009</b>	<b>Recommendations Implemented as at September 2009</b>	<b>Assurance Statement</b>
Improving Outcomes through Joint Working	November 2007	8/12	9/12	Risk of late implementation is minimal as appropriate arrangements have been made for service delivery.
Review of Internal Audit	January 2008	8/11	8/11	As the Head of Internal Audit and Risk Management consider this to be a low risk as staff use a suite of standard documents and supported through management review.
Review of Internal Audit	June 2008	11/13	12/13	As a result of the compensating controls (all staff are fully or part qualified to professional standards, all files are confirmed as reviewed by a Lead Auditor / Manager, senior management spot reviews of files) the Head of Internal Audit and Risk Management considers this to be low risk.
Data Quality	November 2008	0/2	0/2	Risk is minimal as identified actions are being implemented and are on track to be completed within identified timescales.
Governance	March 2008	1/2	1/2	Risk is minimal as work is ongoing and identified actions are being implemented and progressed.
Review of the Management of External Funding	June 2008	8/10	8/10	Risk is minimal as identified actions are being implemented and progressed.
Review of Risk Management	July 2007	-	10/16	The risk to achievement of these is largely centred on resources and the appointment of staff to support management in the embedding of risk and support in the delivery of training. These recommendations are to be considered as a medium risk as our ability to drive this agenda forward is dependent on the rest of the Council and our ability to provide corporate support.

**PROGRESS AGAINST OUTSTANDING AUDIT RECOMMENDATIONS**

**Report: Improving Outcomes through Joint Working, November 2007**

Recommendation	Responsible Officer	Original Completion Date	Action Reported	Update on Progress (inc. Risks)
R9 Explore the potential benefits for arrangements to share asset financial information between the PCT and Council.	Lydia Morrison	April 2010	Audit Committee 29/06/08, 25/09/08, 22/05/09, 24/09/09	A workshop has been facilitated which scoped out potential projects/workstreams to further explore joint working with the PCT - this workshop touched on the potential to share the MCC/NHSM estate. Any further activity is dependent on approval by SMT and EMT to take forward the proposals identified in the workshop - a sitting of this meeting has not yet been scheduled but will probably happen in November/December 09. Until this happens, detail of these potential workstreams cannot be reported, as there has been no approval to progress.
R10 In relation to the relocation of C&YP services multi-agency teams: • identify the financial impact of vacated premises once staff are relocated to new locations; and • ensure matched funding for 2008/09 is agreed from both the Council and the PCT to maintain project delivery.	Allan Seaborn (Children's Services)	End of March 2008	Audit Committee 29/06/08, 25/09/08, 22/05/09, 24/09/09	Cannot at this stage be identified until other aspects of the exercise are complete.
R11 Put in place measurable benefits, targets, a current baseline position and performance management arrangements for the physical activity and C&YP multi-agency teams' joint use of assets, to ensure the projects' outcomes and	Colin Cox, Ann Inman (physical activity)  Allan Seaborn (Children's Services)	End March 2008	Audit Committee 29/06/08, 25/09/08, 22/05/09, 24/09/09	Unable to answer these questions until other aspect of the exercise are complete. However, the Manchester Method will be used to manage both the programme and outcomes.

Recommendation	Responsible Officer	Original Completion Date	Action Reported	Update on Progress (inc. Risks)
successes can be effectively assessed.				

**Report: Review of Internal Audit, January 2008**

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
R9 A Quality Manual, based on working with the Galileo system, should be prepared setting out how work is to be recorded and the expected standards of documentation.	Head of Internal Audit	30/10/2008	29/08/08,25/09/08 22/05/09, 24/09/09	<p>Part complete</p> <p>This is a significant commitment given the continuing changes to the audit approach. The Head of Internal Audit has introduced</p> <ul style="list-style-type: none"> <li>• An audit strategy</li> <li>• A new annual planning approach</li> <li>• A new assignment planning approach</li> <li>• New reporting formats</li> <li>• A new follow-up approach</li> <li>• Revised internal planning and clearance procedures for audits.</li> </ul> <p>Given all these changes there is a recognised need to codify this in one manual. The draft document remains in development but the continued sickness absence of an Audit Manager has further delayed the production of this manual.</p> <p>The Head of Internal Audit and Risk Management considers this to be a low risk as staff use a suite of standard documents and supported through management review. Nonetheless this is a matter that needs to be resolved in full.</p>

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
				Proposed new target date of 30 November 2009.
R10 To be fully compliant with the code a monitoring and review programme to ensure that due professional care is achieved and maintained should be developed.	Head of Internal Audit	30/10/2008	29/08/08,25/09/08 22/05/09, 24/09/09	<p>Part complete</p> <p>As above. Quality assurance is largely secured through management review and this involves the Principal Audit Manager and Head of Internal Audit and Risk Management attending all internal planning and finalisation meetings for all audits.</p> <p>As a result of this and other compensating controls (all staff are fully or part qualified to professional standards, all files are confirmed as reviewed by a Lead Auditor / Manager, senior management spot reviews of files) the Head of Internal Audit and Risk Management considers this to be low risk.</p> <p>However, a programme of independent quality control review checks against the Internal Audit Quality Manual will be introduced once the manual is complete.</p> <p>Proposed new target date of 30 November 2009.</p>
R11 The quality assurance process framework, building on the items set out in paragraph 41 should be finalised.	Head of Internal Audit	30/10/2008	29/08/08,25/09/08 22/05/09, 24/09/09	Part complete as above

**Report: Review of Internal Audit, June 2008**

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
<p>R9 The internal audit quality manual, when produced, should include procedures to: standardise the electronic and paper file structure; ensure that each file contains systems documentation and description of walkthrough testing; incorporate CIPFA key control into job planning.</p>	<p>Head of Internal Audit</p>	<p>30/10/2008</p>	<p>29/08/08, 25/09/08, 22/05/09, 24/09/09</p>	<p>Part complete</p> <p>This is an element of the recommendation as made by the Audit Commission in their January 2008 report. It refers to some specific elements that are enforced through management review whereby all files have to include walkthrough testing and documentation of the system under review. CIPFA key controls are used where appropriate and in particular for all of Internal Audit's works on the financial systems and in the conduct of compliance audits. They are also used as part of the planning process to inform risk-based audits as whilst they cannot be applied fully to all audits it is accepted that they are a useful source of reference.</p> <p>Whilst these expectations are made clear to all auditors it is recognised that there is benefit in including these in the internal audit manual.</p> <p>The Head of Internal Audit and Risk Management considers this to be a low risk as staff do use a suite of standard documents and are challenged on documentation standards through management review. Nonetheless the benefit in including these in the Internal Audit Manual is recognised.</p> <p>Proposed new target date of 30 November 2009.</p>

**Report: Data Quality, November 2008**

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
<p>R1 The Council should review systems used to capture performance information to ensure that data input is "right first time" and does not require significant manual adjustments to produce reliable and accurate information.</p>	<p>Jane Abdulla/ Andrew Blore</p>	<p>June 2009</p>	<p>29/08/08,25/09/08, 22/05/09, 24/09/09</p>	<p>Work is being progressed with internal audit to assess systems and process used within services to ensure data is input 'right first time'. This assessment is conducted using the Data Quality checklist questions, which on completion are used to risk assess each performance indicator. This risk assessment includes an analysis of the amount of manual manipulations of data, and through assessing services we have identified key areas where this can be reduced through the introduction of automated performance systems.</p> <p>External auditors from Grant Thornton highlighted four indicators in Adult Social Care, Housing and Environmental Services for inspection. Additional work has been completed with these services creating extensive evidence libraries to support each indicator, these included Technical appendices which fully document how to collect, validate and calculate data related to each indicator. These appendices will be introduced for all LAA Designated indicators, then all LAA Non-designated, then for all remaining NIS Indicators by the end of March 2010.</p>
<p>R2 The Council should implement arrangements to ensure compliance with Data Quality principles and procedures through regular Training and support for staff and managers involved in the preparation of key performance information.</p>	<p>Jane Abdulla/ Andrew Blore</p>	<p>June 2009</p>	<p>29/08/08,25/09/08, 22/05/09, 24/09/09</p>	<p>Two training sessions on Data Quality have already been facilitated. A series of 30-minute briefing sessions tailored to service's specific needs will be delivered as part of the Data Quality Action Plan. Performance managers within the services have been supported, and where necessary, trained to accurately complete the Data Quality checklist. The Data Quality pages on the intranet are regularly updated to provide on-line support on Data Quality for officers. An on-line quiz designed to help officers identify data quality issues can be found on the intranet pages.</p> <p>Work is underway to define a Corporate Data Quality 'Champion'.</p>

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
				who can ensure corporate compliance with the Data Quality principles and procedures and completion of the Data Quality Action Plan. 'Champions' will also be identified within each directorate who can support the Corporate Champion.

**Report: Governance, March 2008**

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
<p><b>R2 Challenging assurances and resolving previous issues:</b> The Council should ensure that previously identified areas of weakness within partnership management arrangements and in the Council's recent partnership arrangements self assessment, are used to review and challenge partnership assurances and to feed into management arrangements improvement plans. In particular, the Council should focus attention on a number of areas that will form part of the use of resources assessment: demonstrating the value for money of partnership working; consistently approving business cases before entering into partnerships, including the costs to the Council against the expected benefits; joint strategic needs assessments, including an understanding of inequalities, that drives forward long term commissioning decisions and partnership objectives; improving evidence of joint service and financial planning through the Medium Term Financial Plan and service business plans; expanding joint procurement, asset management,</p>	<p>Jane Abdulla/Emma Burnett</p>	<p>Implementation from July 2008 onwards.</p>	<p>29/06/08, 25/09/08, 22/05/09, 24/09/09</p>	<p>The registration and self assessment process for 2009/10 is drawing to a close. This has been reviewed and an approach to take the work forward in the year ahead is being developed. This is looking at the following:</p> <ol style="list-style-type: none"> <li>1. Developing enhanced partnership registration proposals</li> <li>2. Identifying all partnerships across the Council</li> <li>3. Risk assessing significant and other partnerships incl. finance, legal and IA input with a view to focusing on arrangements in high risk partnerships</li> <li>4. Further work to ensure inclusion in business planning processes and ongoing service monitoring</li> <li>5. Input into IA partnership work programme for the coming year</li> </ol> <p>It is anticipated the above will inform/form proposed improvements to the Partnership Governance Framework.</p>

Recommendation	Responsible Officer	Original Completion Date	Action Reported (e.g. to Committee)	Update on Progress (inc. Risks)
IT and data quality arrangements; obtaining assurance over significant partners' business continuity plans.				
R2 continued - Evidencing partners' confidence in the arrangements for partnerships, inc. standards of conduct and governance arrangements; introducing robust risk management arrangements for partnerships; embedding robust performance management arrangements for all significant partnerships, based on corporate standards for performance management, and including benchmarking of outcomes and indicators against others; implementing a procedure for declaring conflicts of interest within partnership organisations; considering whether there is a requirement for scrutiny to review any other significant partnerships (based on the outcome of the evaluation exercise); ensuring that the internal audit plan responds to key risks identified by the evaluation process; linking the PGF to the wider assurance framework; widening systematic feedback on how services are performing and demonstrating how this assists in making improvements to services; introducing systematic joint processes for managing the environmental impact of delivery of public services in Manchester.	Jane Abdulla/ Emma Burnett	Implementation from July 2008 onwards.		Please see information in the cell on pages 9

**Report: Review of the Management of External Funding, June 2008**

<b>Recommendation</b>	<b>Responsible Officer</b>	<b>Original Completion Date</b>	<b>Action Reported (e.g. to Committee)</b>	<b>Update on Progress (inc. Risks)</b>
R7. The Council should ensure the blue file methodology is consistently applied across all services, and appropriate training is provided to officers for all significant externally funded projects where there is no documentation standard prescribed by the funding organisation.	Head of Financial Management	TBC	29/08/08, 25/09/08, 22/05/09, 24/09/09	A revised grants protocol has been drafted. This sets out detailed requirements for working papers to provide a clear audit trail.
R9. To ensure awareness of co-ordinated grant claim arrangements across services, the grant claim co-ordinator should re-issue guidance to all services and deliver training where required.	Head of Financial Management	TBC	29/08/08, 25/09/08, 22/05/09, 24/09/09	In progress. A revised grants protocol has been drafted. The Head of Finance for each area is responsible for identifying any training needs.

**Review of Risk Management July 2007**

<b>Recommendation</b>	<b>Responsible Officer</b>	<b>Original Completion date</b>	<b>Action reported (e.g. Committee)</b>	<b>Update on progress (inc. Risks)</b>
R5 The Council should address with partners how partnership risk management will work in practice, as part of implementation of actions to clarify and strengthen its own processes.	Tom Powell, John Gill	Sep-08/Dec-08	Audit Committee 29/06/08, 25/09/08, 24/09/09	Part complete As noted by external audit (June 2009 report) "As part of the Council's Partnership Governance Framework, each partnership is required to submit its risk register, which is reviewed by the Council's officers responsible for partnership governance. The Partnership Governance Framework provides assurances for the Council's Annual Governance Statement. The Council has acknowledged that further work is required to ensure that appropriate partnership governance is in place, for example through the incorporation of significant partnerships within service financial, performance and risk monitoring and reporting arrangements.

				<p>Arrangements for the ongoing assessment and review of risk within the Manchester Partnership are currently being reviewed with the support of external consultants. We are aware that a draft Partnership Risk Management protocol has been produced and it is important that the Public Service Board agrees how this protocol will operate in practice across the thematic partnerships”.</p> <p>Further work to develop partnership risk management is being considered. The timescale for this needs further consideration as it is dependent on partner engagement and to maximise the likelihood of having a positive, sustainable impact should link with the Partnership Governance Framework. Review and recommendations to be developed by 31 December 2009.</p>
<p>R6 The Council should ensure that departmental risk registers are further developed to more consistently describe risks, consequences and mitigating controls.</p>	<p>Tom Powell, John Gill</p>	<p>Sep-08</p>	<p>Audit Committee 29/06/08, 25/09/08</p>	<p>Part complete As noted by external audit (June 2009 report) “The Council is working with Heads of Service to improve the quality of departmental risk registers. Risk identification and evaluation is being strengthened through the use of the Council's standard risk assessment scoring mechanism, which is used to provide an overall risk rating and assesses the likelihood and consequences of each risk. The Council's business planning process requires departmental risk registers to be included in business plans. There is further scope for improvement in the consistency of arrangements for evaluating and monitoring risks within departments. Whilst some departments have established routine monitoring arrangements through DMTs, this is still not consistent across all departments. The risk management training programme currently being rolled out, supported by additional guidance on escalation of identified risks, seeks to further strengthen the consistency of arrangements.</p> <p>The embedding of risk management in this way is a key component of the 3 risk officer posts for whom the intention is to aim to advertise and interview October / November 2009.</p> <p>Consistency will be considered in review of risk registers in</p>

				2009/10 business plans with expectation of demonstrable consistency by 31 December 2009.
R7 The Council should ensure that departmental risk registers: clearly show how mitigating controls will manage the risk, explain the basis of the judgement on acceptability of residual risk and set out how assurance will be obtained over the effectiveness of operation of mitigating controls; allocate management of the risk to a named individual and set a deadline for implementation of any actions on mitigating controls.	Tom Powell, John Gill	Sep-08	Audit Committee 29/06/08, 25/09/08, 24/09/09	<p>Part complete</p> <p>As noted by external audit (June 2009 report) “ The Council's departmental risk registers have been used to inform the 2009/10 business planning process, with each business plan including a business risk register.</p> <p>To inform this process and improve consistency in quality of risk registers, guidance has been issued showing that departmental risk registers should record:</p> <ul style="list-style-type: none"> <li>• description of risk</li> <li>• description of the consequence of risk</li> <li>• a scored risk rating using the Council's standard scoring methodology</li> <li>• description of existing controls</li> <li>• a decision on acceptance or rejection of risk with appropriate rationale</li> <li>• further mitigating controls required</li> <li>• allocation of responsibility for the management of risk.</li> </ul> <p>However, discussion with management shows that there is further scope for improvement in the consistency of arrangements for evaluating and monitoring risks within departments in line with the risk management guidance issued.</p> <p>The embedding of risk management in this way is a key component of the 3 risk officer posts for whom the intention is to aim to advertise and interview October / November 2009.</p>

R8 The Council should ensure that departmental risk registers are updated throughout the year to evidence ongoing management of risks.	Tom Powell, John Gill	Sep-08	Audit Committee 29/06/08, 25/09/08, 24/09/09	Part complete Risk Registers are reviewed by Heads of Service through the year and are updated. Recognise that there is scope to develop this area and feedback from external audit review, the continued development of training and the appointment of risk officers will help ensure risk registers remain current.
R9 The Council should evidence that it has considered the risk of fraud and corruption when compiling and updating risk registers.	Tom Powell, John Gill	Dec-08	Audit Committee 29/06/08, 25/09/08, 24/09/09	Part complete Departmental Risk registers would consider the risk of fraud and corruption where this was identified as a key risk. Corporate risk register includes consideration of the impact of significant fraud. Fraud risk considered by Internal Audit and fraud risk assessments are used by the section to target resources in key areas. Guidance of fraud risk will be one area integrated into the risk management training by 31 December 2009.
R15 The Council should improve staff resource to support Strategic Management Team and departmental management in managing risk.	Richard Paver	Jul-08	Audit Committee 29/06/08, 25/09/08, 24/09/09	Part complete The 2009/10 budget includes an allocation of funding for risk management posts. Job descriptions have been developed and have been agreed by the Head of Internal Audit and Risk Management. These are being reviewed by Corporate Personnel as part of the Job Evaluation process with a view to advertise and interview October / November 2009.