

REPORT FOR INFORMATION

COMMITTEE: Audit Committee

DATE: 22nd May 2009

SUBJECT: External Audit Recommendations
Quarterly Monitoring Report January to March 2009

REPORT OF: Head of Corporate Performance Group

Purpose of Report

To provide a quarterly progress report on the implementation of outstanding recommendations from external audit work across the Authority by the Audit Commission and Grant Thornton during the last three audit years.

Recommendation

It is recommended that Committee note the report.

Financial Consequences for the Capital and Revenue Budgets

None identified.

Contact Officers

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Background Documents

Audit Reports listed under Para 2.1.

Wards Affected

N/A

Implications for Key Council Policies

Anti-Poverty	Equal Opportunities	Environment	Employment
None	None	None	None

1. Introduction

- 1.1 The implementation of recommendations included within external audit reports issued during the last three audit years are now routinely monitored on a quarterly basis by the Corporate Performance Group. Although this report provides progress for the last quarter (January to March 2009) to ensure information provided to the Committee is up to date and timely, the period covered by this report has been extended to April 2009.
- 1.2 Progress against implementing recommended actions was previously reported to the Audit Committee in January 2009. At this Committee meeting it was noted that a number of reports issued did not appear within the monitoring report – these were:
- Review of the Management of External Funding
 - Review of Audit Committee Arrangements
 - Review of Manchester Improvement Programme
- 1.3 Recommendations within reports in relation to the Review of Audit Committee Arrangements and the Review of Manchester Improvement Programme have been implemented.

2. Progress against Outstanding Recommendations

- 2.1 A summary of reports with outstanding recommendations is provided in Appendix 1.
- 2.2 Progress against each of the outstanding recommendations is detailed in Appendix 2. Progress has been made against a number of these recommendations since the last monitoring report and where recommendations are outstanding or have not been fully implemented, further details are given below.

APPENDIX 1

SUMMARY OF AUDIT REPORTS WITH OUTSTANDING RECOMMENDATIONS

Audit Report	Issued	Recommendations Implemented as at Dec 2008	Recommendations Implemented as at April 2009	Assurance Statement
Improving Outcomes through Joint Working	November 2007	11 / 12	11 / 12	Risk of late implementation is minimal as appropriate arrangements have been made for service delivery.
Review of Internal Audit	January 2008	5 / 11	8 / 11	Risks to delivery are minimal as completion dates have been amended and an appropriate officer is in charge of delivery.
Review of Internal Audit	June 2008	5 / 13	11 / 13	Risks to delivery are minimal as completion dates have been amended and an appropriate officer is in charge of delivery.
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	0 / 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	N/A	8 / 10	Risk is minimal as identified actions are being implemented and progressed.

APPENDIX 2

PROGRESS AGAINST OUTSTANDING AUDIT RECOMMENDATIONS

Report: Improving Outcomes through Joint Working, November 2007

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
<p>R4 Identify the barriers to finalising the Children and Young People's multi-agency team locations and put in place arrangements to address these issues.</p>	<p>Assistant Chief Education Officer (School Organisation, Development and Admissions)</p>	<p>31 Dec 2007 (Organisational) 31 Mar 2008 (Locational)</p>	<p>As per recommendation</p>	<p>District multi-agency teams are in existence and functioning, however, the Council currently does not own "fit for purpose" buildings in the right locations for these teams. This has meant having to source and lease in privately owned properties. Although adequate accommodation has now been identified in some areas, the position on a district by district basis is variable. In addition, a review of the ways in which social workers deliver their services is underway . The outcomes are likely to impact on accommodation needs.</p> <p>In terms of a way forward, Children's Services Management Team has recently approved a revised staffing structure for a Planning and Accommodation Support</p>

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
				<p>Service (PASS). This Support Service will reconvene the Children Service's Accommodation Steering Group (to include a representative from the Corporate Landlord Service and the Children's Trust Programme Manager) to ensure that outstanding accommodation needs are properly identified and that multi-agency teams are correctly located to provide high quality, integrated services. The Council's Property Strategy team also meet on a regular basis with the Adult Social Care and Children & Young People's Departments to highlight possible areas where co-location could work and examples of this include Elizabeth House, Longsight District Office, Harpurhey District Office and Alexandra Centre where multi-agency teams are already in situ.</p>

Report: Review of Internal Audit, January 2008

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
<p>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.</p>	<p>Head of Internal Audit</p>	<p>30/10/2008</p>	<p>Development of the internal audit manual (which includes quality standard and quality assurance arrangements).</p>	<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"> • An audit strategy • A new annual planning approach • A new assignment planning approach • New reporting formats • A new follow-up approach • Revised internal planning and clearance procedures for audits. <p>Given all these changes there is a recognised need to codify this in one manual. Due to staff resources and the recent problems experienced with ICT delivery has been delayed and the manual is expected to be finalised in May 2009.</p>

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
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	Development of the internal audit manual (which includes quality standard and quality assurance arrangements). Roles and responsibilities in terms of management monitoring and review will be clarified and formalised as part of the development of the service. These will be formalised in the internal audit manual.	Part complete As above. Quality assurance is largely secured through management review but once required staffing levels are achieved (which is likely to be in July 2009) a programme of independent quality control review checks against the Internal Audit Quality Manual will be introduced.
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	Development of the internal audit manual (which includes quality standard and quality assurance arrangements). Roles and responsibilities in terms of management monitoring and review will be clarified and formalised as part of the development of the service. These will be formalised in the internal audit manual.	Part complete As above. Quality assurance is largely secured through management review but once required staffing levels are achieved (which is likely to be July 2009) a programme of independent quality control review checks against the Internal Audit Quality Manual will be introduced.

Report: Review of Internal Audit, June 2008

Recommendation	Responsible Officer	Original Completion Date	Action	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>Development of the internal audit manual (that includes quality standard and quality assurance arrangements).</p>	<p>Part complete</p> <p>A number of elements that will comprise the manual have been completed but a final, formal document will be completed in May 2009.</p> <p>It is felt that there is not a need to base all audits on CIPFA key controls, however, it is accepted that they are a useful source of reference.</p>
<p>R11 The Council should consider the use of an alternative means of performing the annual assessment of internal audit</p>	<p>City Treasurer & Assistant Chief Exec (Performance)</p>	<p>01/03/2009</p>	<p>Agreed in principle. The review will inevitably draw heavily on the work and outputs of Internal Audit but an element of independent (but internal) scrutiny will be included.</p>	<p>The review has been delayed and is now due for completion in June 2009. The review will be led by the City Treasurer and supported by the Head of Internal Audit and Chair of the Audit Committee.</p>

Report: Data Quality, November 2008

Recommendation	Responsible Officer	Original Completion Date	Action	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>Head of Corporate Performance Group</p>	<p>June 2009</p>	<p>As recommendation</p>	<p>This work is being undertaken as part of the Data Quality Action Plan. Corporate Performance will be working with an external organisation to comprehensively audit individual indicators based on risk. One of the criteria for the risk assessment will be the amount of manual manipulations to information.</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>Head of Corporate Performance Group</p>	<p>June 2009</p>	<p>As recommendation</p>	<p>Two training sessions on data quality have been facilitated. Further hour long training sessions tailored to specific needs will be delivered as part of the Data Quality Action Plan.</p> <p>The intranet has been updated to provide a source of information on data quality for officers. An online quiz designed to help identify data quality issues can be found on the intranet pages.</p>

Report: Governance, March 2008

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
<p>R2 Challenging assurances and resolving previous issues: 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, IT and data quality arrangements; obtaining assurance over significant partners'</p>	<p>Head of Corporate Performance Group</p>	<p>Implementation from July 2008 onwards.</p>	<p>Undertaking re-registration of significant partnerships; development of a "Toolkit" of good governance guidance for those engaged in partnership working.</p>	<p>This work is ongoing. The registration of significant partnerships and an assessment of the returns for 2009/10 are in progress. Appropriate steps to address areas identified as in need of improvement will be undertaken with partnerships. In addition to this, there will be a review of the registration process for significant partnerships together with the accompanying documentation to ensure the approach remains fit for purpose going forward.</p>

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
business continuity plans.				
<p>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.</p>	<p>Head of Corporate Performance Group</p>	<p>Implementation from July 2008 onwards.</p>	<p>Undertaking re-registration of significant partnerships; development of a "Toolkit" of good governance guidance for those engaged in partnership working; development of Partnership Governance Framework.</p>	<p>This work is ongoing. The Partnership Governance Framework has been published on the Council's intranet. The registration of significant partnerships and an assessment of the returns for 2009/10 are in progress. Appropriate steps to address areas identified as in need of improvement will be undertaken with partnerships. In addition to this, there will be a review of the registration process for significant partnerships together with the accompanying documentation to ensure the approach remains fit for purpose going forward.</p>

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

Recommendation	Responsible Officer	Original Completion Date	Action	Update on Progress (inc. Risks)
<p>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.</p>	<p>Head of Financial Management</p>	<p>TBC</p>	<p>As per recommendation</p>	<p>In progress and is being undertaken by the Grants Co-ordinator who is now in post.</p> <p>This will be reviewed following publication of new grants protocol which has now been drafted.</p>
<p>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.</p>	<p>Head of Financial Management</p>	<p>TBC</p>	<p>Re-issue guidance in relation to grant claim arrangements and provide training where required.</p>	<p>Will be undertaken now that the Grants Co-ordinator post has been filled.</p> <p>A new grants protocol has been drafted which will be issued soon</p>