

REPORT FOR RESOLUTION

COMMITTEE: Audit Committee
DATE: 3 June 2010
SUBJECT: External Audit Recommendations
Monitoring Report - January 2010 to June 2010
REPORT OF: Assistant Chief Executive (Performance)

Purpose of Report

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

Recommendations

Audit Committee is requested to :-

1. Note the report and advise on any further action to be taken.
2. Consider the removal of those recommendations listed in Paragraph 3.5, from the list of recommendations outstanding, as they have now been completed.
3. Consider proposed dates for the submission of monitoring reports to Audit Committee for the remainder of 2010/11:-

2010 : 30 September, 9 December

2011 : 17 March

Financial Consequences for the Capital and Revenue Budgets

None identified.

Contact Officers

| | | |
|--------------|---------------|--|
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Background Documents

Audit Reports listed in Appendix 1

Wards Affected

N/A

Implications for Key Council Policies

| | | | |
|---------------------|----------------------------|--------------------|-------------------|
| Anti-Poverty | Equal Opportunities | Environment | Employment |
| None | None | None | None |

1 Introduction

- 1.1 Implementation of recommendations included within external audit reports is routinely monitored by the Corporate Performance Group. At its meeting on 14 January 2010, the Committee received a progress report for the period September 2009 to January 2010. This latest monitoring report presents a progress update for the period since January to June 2010.

2 Process

- 2.1 The report is compiled from updates submitted by lead officers for each of the external audit recommendations. Building on the format of the last report, more detail on action underway to implement recommendations within timescales, has been included.
- 2.2 At the last meeting, Audit Committee noted that the measures as reported remained un-audited by the Council's external auditors and full assurance would only be obtained once follow up work had been undertaken.

3 Progress against recommendations still outstanding

- 3.1 Progress has been made against a number of the external audit recommendations since the last monitoring report. A summary is set out in Appendix 1.
- 3.2 Appendix 2 provides more detail, identifying any recommendations which have not yet been fully implemented.
- 3.3 Subsequent to the Committee's meeting on 14 January 2010, Grant Thornton published its report (in February 2010) on Grants for 2008-09. Three of the four recommendations in that report have already been implemented, as detailed in Appendix 2.
- 3.4 In relation to recommendation 9 in the report on Improving Outcomes through Joint Working - "to explore the potential benefits for arrangements to share asset financial information between the PCT and Council" this has been retained on the list at the Committee's request on 14 January 2010 to enable progress to continue to be monitored.
- 3.5 As detailed in Appendix 2, a number of Lead Officers have now reported that recommendations have been completed. These are listed below and Audit Committee is requested to consider their removal from the list of recommendations still outstanding:-
- Data Quality (November 2008)
 - R2 – implementation of arrangements to ensure compliance with Data Quality principles and procedures
 - Grant Claims and Returns 2007/08 (January 2009)
 - R11 – early calculation of uncashed cheques entries for the return
 - SAP Follow Up Report 2008/09 (July 2009)
 - R1 – Out of hours access procedures
 - Information Systems Controls (November 2009)
 - R1 – Process documentation
 - R2 – Management Reporting
 - R4 – Domain Administrator accounts
 - R8 – Reporting on server risk
 - R 11 - Revision and agreement of the Information Security Policy and IT Acceptable Use Policy.
 - Grant Claims and Returns 2008/09 (February 2010)

- R1 - Submission of claims and returns
- R2 - Compilation of claims and returns
- R4 - Northwest Development Agency – maintenance of adequate records to enable accurate completion of all claims
- Improving Outcomes through Joint Working (November 2007)
 - R10 and R11 - Relocation of Children and Young People Services into multi-agency teams. Removal from the list in this instance is proposed because these recommendations have been overtaken. It has been previously reported that these recommendations related to plans prior to 2007 to establish fully integrated multi-agency Children and Young People Teams which would have been managed by a single manager from one of the constituent agencies, as part of the developing Children's Trust arrangements. It became clear that this model was not deliverable at that time in Manchester. A decision was taken to follow a model, which aligned resources in delivery with those of the NHS and other partners, rather than pursuing fully integrated teams. Work has progressed effectively through this model, which has been supported by tools such as the Common Assessment Framework. Children's Trust arrangements are being further developed and recommendations 10 and 11 have been overtaken, as the teams/project did not continue in the same form.

4 The Corporate Dashboard

- 4.1 The Strategic Management Team's Use of Resources Sub-Group is currently developing a new style of performance reporting for its own monitoring purposes. The Sub Group has previously received a Corporate Key Performance Indicator (KPI) report. The KPI report contained a selection of performance indicators organised around the internal management of the council focusing on the effective use of assets. The new performance report is in a dashboard format and has 24 indicators, split over four themes: people, finance, risk and customer.
- 4.2 One of the indicators in the risk category will be the percentage of high priority external audit recommendations that are implemented by the due date. The aim of the dashboard is to give managers a balance of information from a variety of different perspectives vital to the organisation – whilst minimising the potential for information overload by putting a limit on the number of individual measures included.
- 4.3 Audit Committee can be assured therefore that the implementation of external audit recommendations remains of the highest significance to the Council's Strategic Management Team.

5 Scheduled reports to Audit Committee 2010/11

- 5.1 The Committee is requested to consider the following schedule of dates for the submission of further monitoring reports during 2010/11.

2010

30 September
9 December

2011

17 March

SUMMARY OF AUDIT REPORTS WITH OUTSTANDING RECOMMENDATIONS

APPENDIX 1

| Audit Report | Issued (date order) | Recommendations Implemented as at January 2010 | Recommendations Implemented as at June 2010 | Management Assurance Statement |
|--|--------------------------------|---|--|---|
| Review of Risk Management | July 2007 | 12/16 | 12/16 | <p>The level of risk associated with implementing these recommendations is low as risk registers improved significantly in 2010-13 business plans. There are some elements of inconsistency of detail and description in business plans but this represents good progress from previous years. Plans / resources in place should support further improvement during 2010. Since last reporting in January 2010, the Corporate Risk Management Team has taken full advantage of opportunities, provided by increased capacity, to engage with all services.</p> <p>Whilst the Council can evidence positive engagement within partnerships at both a Strategic and Thematic level, supporting the embedding of risk management within partnership working is an iterative process and requires ongoing evaluation as systems mature.</p> |
| Improving Outcomes through Joint Working | November 2007 | 11/12 | 11/12 | Risk of non implementation is minimal as appropriate arrangements have been made for service delivery. |
| Review of Internal Audit | January 2008 | 8/11 | 8/11 | The level of risk associated with these recommendations is low as they relate to the formalisation of existing arrangements. The timescale for completion of the audit manual has been linked to the upgrade of the audit management system for 1 July 2010. |

| Audit Report | Issued (date order) | Recommendations Implemented as at January 2010 | Recommendations Implemented as at June 2010 | Management Assurance Statement |
|--|---------------------|--|---|--|
| | | | | Management is confident that the plans for 1 July implementation will be achieved, at which time all of these recommendations will have been fully addressed. |
| Review of Internal Audit | June 2008 | 12/13 | 12/13 | Action to implement this recommendation and the level of risk is the same as the preceding item (the January 2008 report). |
| Governance | March 2008 | 0/1 | 0/1 | Risk is minimal as work is ongoing and identified actions are being implemented and progressed. |
| Review of the Management of External Funding | June 2008 | 9/10 | 9/10 | The risk of non-implementation is low because the grants protocol has been reissued and cascaded. Revenue gateway process methodologies ensure that everyone is aware of their responsibilities regarding external funding. In addition the blue file methodology is used for all European funding for regeneration and its use is fully supported by Regeneration Programmes Group. This represents significant progress from how external funding was managed last year. |
| Data Quality | November 2008 | 0/2 | 1/2 | Risk is minimal as identified actions are being implemented and are on track to be completed within identified timescales. |
| Grant Claims and Returns 2007-08 | January 2009 | 11/14 | 12/14 | Risk is minimal as identified actions are being implemented and are on track to be within identified times scales. |
| SAP Follow Up Report 2008/09 | July 2009 | 2/4 | 3/4 | <p>The overall level of risk of non-implementation is low. This judgement is based on:</p> <ul style="list-style-type: none"> • New methods and working practices introduced to ensure that privileged access to SAP will be minimal and |

| Audit Report | Issued (date order) | Recommendations Implemented as at January 2010 | Recommendations Implemented as at June 2010 | Management Assurance Statement |
|--|---------------------|--|---|---|
| | | | | <p>adequately managed. Privileged access (by 4 members of the SAP BASIS team) will only be required on infrequent / rare occasions and <u>any</u> associated activity will automatically be brought to the attention of senior management who will critically examine their activities.</p> <ul style="list-style-type: none"> • A Security and Access Working Group has now been implemented which oversees SAP security issues and actively promotes, and monitors progress against a range of SAP security initiatives. • A framework SAP Security Policy document is now available which has been compiled by highly experienced SAP Security consultants who have formulated the policy document in the context of MCC's implementation of SAP with which they are fully conversant. |
| Annual Report to those Charged with Governance | September 2009 | 1/6 | 3/6 | The overall level of risk is considered to be low as significant action (detailed in Appendix 2) has been taken to ensure these issues have been dealt with. |
| Information Systems Controls | November 2009 | 1/14 | 5/14 | The management response detailed in Appendix 2 update a gives clear indication that the ICT Service is making significant progress in several areas of service development and improvement. Where delays have occurred they have generally |

| Audit Report | Issued (date order) | Recommendations Implemented as at January 2010 | Recommendations Implemented as at June 2010 | Management Assurance Statement |
|-----------------------|------------------------|--|---|--|
| | | | | <p>been as a result of the inability to recruit skilled staff to undertake key actions. Work is clearly continuing and ICT Management are making regular priority calls on which actions are completed given the scarcity of resources.</p> <p>The progress made shows that the ICT Service take the audit recommendations seriously and has built their implementation into wider service development plans. There is clear ownership of ICT audit actions. Ongoing risks associated with staffing are considered to be at a medium level, since key posts that would otherwise pose an unacceptable risk are filled by skilled contract staff.</p> |
| Grants Report 2008-09 | February 2010 | 3/4 (February) | 3/4 | <p>This report was published in February 2010 subsequent to the Committee's last meeting. Three of the four recommendations have been implemented in the meantime through the Grants Protocol and also a review of administrative expenses.</p> |

PROGRESS AGAINST OUTSTANDING AUDIT RECOMMENDATIONS

APPENDIX 2

Report: Review of Risk Management (July 2007)

Recommendations Implemented - 12/16

| Recommendation | Responsible Officer | Recommendation Completion date | Assurance Provided By Service (Including Risks) |
|---|----------------------------------|---|---|
| <p>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.</p> | <p>Tom Powell, John Gill</p> | <p>June 2010</p> | <p>Manchester Partnership Strategic Risk Register fully refreshed April/May 2010 for presentation to the Partnership's Management Group (12 May), Resources and Governance Sub Group (13 May) and Public Service Board (1 June).</p> <p>Thematic Partnerships have either undertaken or have planned facilitated workshops identifying their key risks and have agreed an approach to scrutiny and control.</p> <p>Scrutiny arrangements of both Strategic risks and Thematic Partnerships have been established and are being integrated into the performance management framework.</p> <p>Significant progress can be evidenced in relation to risk management in partnerships. Recruitment of additional risk managers within the Council has provided additional resources to support both the Management Group and Thematic Partnerships. Support to the Manchester Partnership Team has also enhanced internal knowledge and skills.</p> <p>It should be noted that ensuring <i>all</i> Key Partners share an approach to, and understanding of, risk management that allows all to contribute effectively is a complex process. Progress is iterative, focussing on embedding understanding and developing a commonality of approach.</p> <p>Whilst significant progress can be evidenced, reducing the level of risk to the establishment of effective systems of governance within partnerships, there is still a residual medium level of risk that effective systems are not established. Further scrutiny will be required as new structures (to be agreed by PSB on 1 June) embed in practice.</p> |
| <p>R6 The Council should ensure that departmental risk registers are further</p> | <p>Tom Powell, John Gill</p> | <p>Partially Complete Fully Complete by end June 2010</p> | <p>There are some elements of inconsistency of detail and description in business plans but this represents good progress from previous years. There is strong evidence that risk management is being effectively</p> |

| Recommendation | Responsible Officer | Recommendation Completion date | Assurance Provided By Service (Including Risks) |
|---|---------------------|--------------------------------|---|
| <p>developed to more consistently describe risks, consequences and mitigating controls.</p> | | | <p>embedded within service management decision making. It should be noted however, that this is an on-going process. Strategic Management Team endorsed an approach to risk management that makes it a core managerial competency with officers at Grade 7 and above receiving appropriate training. Whilst 500 plus managers have received training during the year, there are approximately 2,350 officers at Grade 7 and above.</p> <p>To reach its ambitious target, the Council will need to consider and implement new approaches to training, support and challenge, including the potential use of on-line training resources and a further increase in the number of risk workshops provided.</p> <p>Whilst two additional risk managers have been appointed, one additional post is currently vacant and making an early appointment to further enhance resources represents a key priority.</p> <p>Increased capacity has enabled the corporate risk management team to provide direct named support to Heads of Service in the further development of their risk management systems and also allows the provision of constructive challenge in relation to the quality and embeddedness of risk management within services, this includes scrutiny, support and challenge in relation to both the construction and use of Business Plan risk registers.</p> <p>The risk management team are directly engaged with all Heads of Service in providing support and challenge and in agreeing the most effective approaches to facilitation and training on a service by service basis.</p> |

| Recommendation | Responsible Officer | Recommendation Completion date | Assurance Provided By Service (Including Risks) |
|---|----------------------------------|---|---|
| <p>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.</p> | <p>Tom Powell, John Gill</p> | <p>Partially Complete Fully Complete by end June 2010</p> | <p>See R6 above</p> |
| <p>R8 The Council should ensure that departmental risk registers are updated throughout the year to evidence ongoing management of risks.</p> | <p>Tom Powell, John Gill</p> | <p>Partially Complete Fully Complete by end June 2010</p> | <p>See R6 above</p> |

Report: Improving Outcomes through Joint Working (November 2007)

Recommendations Implemented - 11/12

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|--|---|--|--|
| R9 Explore the potential benefits for arrangements to share asset financial information between the PCT and Council. | Lydia Morrison | Date not yet known | The PCT are currently undergoing extreme budgetary pressures, which means that they have stopped engaging in the work to complete this action. Colleagues in the PCT are being regularly reminded of this issue by lead officers. |
| R10 In relation to the relocation of C&YP services multi-agency teams: <ul style="list-style-type: none"> • 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) | Recommended for removal from the list of outstanding recommendations | This recommendation and R11 related to plans prior to 2007 to establish fully integrated multi-agency Children and Young People Teams which would have been managed by a single manager from one of the constituent agencies, as part of the developing Children's Trust arrangements. It became clear by 2007 that this model was not deliverable at that time in Manchester. A decision was taken to follow a model, which aligned resources in delivery with those of the NHS and other partners, rather than pursuing fully integrated teams. Work has progressed effectively through this model, which has been supported by tools such as the Common Assessment Framework. Children's Trust arrangements are being further developed but to date the recommendations in 10 and 11 have not been needed, as the teams/project did not continue in the same form. |
| 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 successes can be effectively assessed. | Colin Cox, Ann Inman (physical activity) Allan Seaborn (Children's Services) | Recommended for removal from the list of outstanding recommendations | Please see the information in R10 |

Report: Review of Internal Audit (January 2008)

Recommendations Implemented - 8/11

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|--------------------------------------|--------------------------------|---|
| 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. | Tom Powell Internal Audit | July 2010 | Further to the update reported in January 2010, the project to fundamentally upgrade the audit management system is progressing well with go-live scheduled for 1 July 2010. Training and reference materials are being developed as part of the project plan and will be integrated into the manual for the July go-live date. |
| 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. | Tom Powell Head of Internal Audit | July 2010 | These arrangements will be codified in the Audit Manual due for launch on 1 July 2010. |
| R11 The quality assurance process framework, building on the items set out in paragraph 41 should be finalised. | Tom Powell Head of Internal Audit | July 2010 | Please see the information in R10. |

Report: Review of Internal Audit (June 2008)

Recommendations Implemented - 12/13

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|--------------------------------------|--------------------------------|--|
| 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. | Tom Powell Head of Internal Audit | July 2010 | Please see the information in R9 of the previous item. |

Report: Governance (March 2008)

Recommendations Implemented - 0/1

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including 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.</p> <p>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</p> | <p>Jane Abdulla/Emma Burnett</p> | <p>Partially Complete Fully Complete by end of September 2010</p> | <p>Work has continued to take place to ensure that the Partnership Governance Framework (PGF) is progressed to further improve arrangements for services to provide assurance on an ongoing basis that appropriate partnership governance is in place and operating effectively. The framework is designed to define and standardise the Council's approach to managing its partnerships, in order to help strengthen accountability, manage risk, rationalise working arrangements and achieve value for money.</p> <p>Work in relation to the two workstreams outlined in the January 2010 Audit report has been completed and further detail is set out below.</p> <p>1. Partnership classification. The Council maintains a register of significant partnerships which comprises arrangements put in place by the Council, ranging from subsidiary companies to contracts, with other public and/or private sector organisations which are considered, by the relevant member of SMT, key to the delivery of the Council's objectives for which they have responsibility/accountability.</p> <p>The register now includes a judgement on each partnership's significance, which reflects on aspects such as the nature of the partnership, its contribution to corporate priorities and the level of associated financial, political and reputational risk. A judgement is also made on the strength of each partnership's governance arrangements. These judgements have been made on the basis of information obtained from the 2008/09 partnership self assessment process as well as the partnership governance questionnaire completed in autumn 2009. The judgements on significance and governance have then been used to combine an overall risk assessment for each partnership. The level of risk enables the organisation to focus corporate review and support on those partnerships which</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|---------------------|--------------------------------|---|
| <p>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' business continuity plans.</p> | | | <p>represent the greatest risk to the Council. During 2009/10 Internal Audit reviewed ten of the Council's significant partnerships, as part of an ongoing programme of work to provide an opinion on the effectiveness of governance arrangements. Individual reports, containing detailed recommendations, are being issued to partnership leads and further reviews are included in the 2010/11 Internal Audit annual plan.</p> <p>2. Identification of all partnerships. A wider list of partnerships has now been identified for inclusion in the partnership register. The register overall continues to focus on those partnerships which are considered "key to the delivery of the Council's objectives". The intention going forwards is to undertake the following processes to enable the partnership register to be refreshed every six months - the registration and incorporation of new partnership arrangements in the register; an update of partnership risk assessments based upon the ongoing programme of Internal Audit review and partnership self assessment; a review of the register by SMT; and a review of the register by RAGOS (annual).</p> <p>Work will be ongoing to ensure that the Partnership Governance Framework remains effective and fit for purpose. The process will be managed by the Governance Working Group which reports to the SMT Governance sub group.</p> <p>More widely over the course of the year, significant partnerships have increasingly been embedded within the performance management framework of their host services. Within the Council, further improvement work is ongoing which will impact on the Council's significant partnerships, including for example, the review of the 2009 business planning process which has informed proposals to improve the Council's Performance Management Framework and the development of a 2010-2013 Value for Money strategy and action plan.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|---------------------------------------|--------------------------------|---|
| <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;</p> | <p>Jane Abdulla/ Emma Burnett</p> | | <p>Please see earlier information on R2</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|---------------------|--------------------------------|---|
| 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. | | | |

Report: Review of the Management of External Funding (June 2008) Recommendations Implemented - 9/10

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|--|--------------------------------|---|
| 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. | Carol Culley Head of Financial Management | Partially complete. | The risk of non-implementation is low because the grants protocol has been reissued and cascaded. Although the blue file methodology has not yet been fully rolled out, revenue gateway process methodologies ensure that everyone is aware of their responsibilities regarding external funding. This represents significant progress from how external funding was managed last year. |

Report: Data Quality, November 2008

Recommendations Implemented - 1/2

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including 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>July 2010</p> | <p>The data quality audits for the low and medium risk indicators began in February 2010 and continue throughout 2010 (55 have been completed to date). The data quality audits are also targeted towards Partner organisations. Manchester Fire, NHS Manchester, GMPTE and GMP are all engaged in the data quality audit process.</p> <p>The data quality audit framework has been recommended for National notable good practice and will be adopted by partners, in particular GM Fire and Rescue and NHS Manchester.</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>Complete</p> | <p>A series of 45-minute training sessions tailored to the specific needs of officers and managers were delivered on the 1 February 2010 and 1 March 2010 respectively. The Partnerships and Performance Team and Grant Thornton jointly facilitated the training sessions. The MCC data security officer attended the training sessions and stressed the importance of data sharing and data security. Data quality training is now being delivered to team meetings. To date, data quality training has been given to Children's, CDRP and Housing with plans to deliver the training across all service areas.</p> <p>The data quality intranet pages have been updated to provide access to the refreshed data quality Strategy and Policy documents. An e-learning tool has been developed on the pages to allow staff to be trained in the principles of data quality remotely.</p> |

Report: SAP Follow Up Report 2008/09 (July 2009)

Recommendations Implemented - 3/4

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provide By Service (Including Risks) |
|--|---------------------|--------------------------------|--|
| <p>R1 We recommend that for out of hours access procedures are developed where a user can be unlocked for a period of time, and subsequently locked after the work has been performed.</p> <p>If out of hours access is occurring on a regular basis and therefore this is unfeasible, we would also recommend that the Council reviews the reasons for this maintenance and whether it is indicative of underlying issues that need to be resolved.</p> | <p>Phil Burke</p> | <p>Completed</p> | <p>This recommendation relates to the extent of access afforded to the SAP BASIS support team within the ICT Service who very occasionally require privileged access to SAP (i.e. greater access than normally required day-to-day) to allow them to resolve unpredicted support issues which can occur 'out of normal working hours'. Where these rare circumstances arise, the availability of privileged access allows them to resolve system-related issues from home and thereby seek to ensure that the SAP systems are available to the business throughout normal working hours.</p> <p>Since the last update, privileged access has been <u>removed</u> from the BASIS team's day-to-day SAP logins. In conjunction with this, additional logins (Emergency logins) have been created which, in line with new working practices, are available for use by the BASIS team but strictly in emergency circumstances <u>only</u>.</p> <p>To complement this measure, any SAP activity recorded against an Emergency login will automatically generate an entry on a Management report which is monitored by senior staff to ensure that there is no abuse of privileged access.</p> <p>Associated (Audit) concerns regarding levels of maintenance activity and the possibility of there being 'underlying issues' are unfounded and management are confident that future evidence from the reports mentioned above will demonstrate bare minimal levels of activity associated with Emergency logins.</p> <p>Emergency logins could potentially be "<i>unlocked for a period of time, and subsequently locked after the work has been performed</i>" as suggested by the 2008/09 Audit but this would necessitate SAP Security staff being placed 'on call' out of hours, solely for this purpose. An arrangement of this sort would be extremely difficult to resource (given the range of non-</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provide By Service (Including Risks) |
|---|---------------------|---|--|
| | | | <p>working hours involved, including full weekend cover) and would have a financial implication which cannot be quantified at the present time as 'call out' arrangements for ICT staff are presently under review. Given the rare occasions on which use of Emergency logins is expected to be required (estimated at <u>no more than twice per year</u>, based on previous experiences) 24x7 'on call' support arrangements are difficult to justify. No further actions are therefore planned in relation to this recommendation which is believed to have been implemented as far as practicable.</p> |
| <p>R3 We recommend that documentation of the SAP Security Policy is undertaken so that security administrators have appropriate understanding of security controls and procedures for SAP. A SAP Team Lead should also be appointed as soon as possible to ensure that all risks are appropriately managed and controlled. MCC will outsource the production of a SAP Security Policy. This will be completed within 3 months</p> | <p>Phil Burke</p> | <p>Partially complete Fully complete August 2010</p> | <p>In line with the Audit recommendation, a framework Security Policy has been commissioned from the council's SAP software partner (HCL-Axon). The document has recently been delivered and is presently being internally reviewed. Some further work (running up to August 2010) is anticipated to make the framework Policy a fully implemented, working document for MCC.</p> <p>As a consequence of a recent reorganisation within the ICT Service the post of SAP Security team lead no longer exists on the structure. However, in its absence the Security & Access Working group (established in response to the Audit recommendation R3, above) has sought to manage and/or minimise any security risks associated with SAP.</p> |

Report: Annual Report to Those Charged with Governance (September 2009)

Recommendations Implemented - 1/6

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|--|-----------------------------|--|--|
| R1 The Council should ensure receipts in advance are correctly recorded within the financial ledger, ensuring departments are clear of the accounting requirements | Karen Gilfoy | Partially complete Fully complete by end of June 2010 | Guidance was issued to departmental finance staff on the accounting treatment of receipts in advance as part of the Council's year-end closedown procedures. This was also discussed with the departmental closedown coordinators at the meetings held during the closedown of the Council's accounts. The Financial Accountancy team are in the process of checking the coding and supporting evidence of all receipts in advance over £100,000. This will be finalised before the 2009-10 accounts are submitted to Audit Committee at the end of June. |
| R2 As part of year end bank reconciliation, the Council should review cheques raised at the end of the year and restate any cheques not issued. | Karen Gilfoy | Partially complete Fully complete by end of June 2010 | All cheques that were raised but not issued by 31 March 2010 have been identified. These have been restated and have been classed as creditors rather than cash in the 2009-10 accounts that will be submitted to Audit Committee at the end of June. |
| R3 The Council should ensure all assets are valued on the correct basis in accordance with the SoRP guidance for updating valuations following reclassifications. | Karen Gilfoy/Mike Robertson | Partially complete Fully complete by end of June 2010 | Valuations have been received from Corporate Property for assets that have been reclassified. These valuations will be included in the 2009-10 accounts submitted to Audit Committee at the end of June |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|---------------------|--------------------------------|--|
| R5 The Council should review coding within the SAP ledger with a view to minimising the amount of manual adjustments required, and increase efficiency in producing the accounts. | Karen Gilfoy | Partially complete | A SAP report has been produced which will be used to produce the 2009-10 Income and Expenditure Account. This considerably reduces the number of manual adjustments required to produce the statement which will increase the efficiency in producing the accounts. |
| R6 The Council should review the repairs and maintenance debtors on the housing rents system and remove erroneous debtors and associated bad debts. | Mark Slater | Partially complete | <p>The rechargeable repairs accounts which were set up in error have now been fully reviewed and the reason(s) for the error(s) have now been identified. The majority of the errors occurred shortly after the introduction of a new computerised Housing Management System and came about as a result of a one off debit charge being set to be applied over a number of weeks / periods.</p> <p>The teams responsible for applying these charges have been made aware of the errors and have amended their set up procedures.</p> <p>The accounts set up incorrectly are being reviewed case by case and the appropriate adjustments being applied.</p> |

Report: Information Systems Controls (November 2009)

Recommendations Implemented - 5/14

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>1. We recommend that ICT Management ensure target deadlines to complete process documentation are met, so that controls are consistently applied across the ICT department. This is important particularly with new ICT support staff joining the Council. Process documentation is critical but even more so in a changing environment such as that being experienced by the Council.</p> <p>There is a monthly management report provided to give high-level feedback on the Microsoft server patches implemented and any outstanding risks. However, this does not include the Citrix servers. No formal management reporting is in place for Citrix server patches.</p> | <p>Steve Park</p> | <p>Complete</p> | <p>A process is now in place that ensures that Citrix servers are patched. This process is now documented. A management report is now produced and submitted by the ICT Security Manager. The patching report for Citrix servers forms part of a wide patching regime covering all MCC servers.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>2. We recommend a similar process for management reporting, i.e. email distribution and monthly reporting, be implemented for Citrix server patches. Senior ICT Management team members will therefore be aware of the patches that will be applied to the Citrix servers, and will receive assurance that patches are evaluated / approved and tested before deployment.</p> | <p>Steve Park</p> | <p>Complete</p> | <p>The same management arrangements as above apply to this recommendation.</p> |
| <p>3. We recommend that the IT Security Policy is updated as soon as the partnership with Ernst and Young comes into effect.</p> | <p>Steve Park</p> | <p>End of June 2010</p> | <p>A MCC Information Security Policy was delivered on target on April 30. This is now subject to consultation by the IT & Information Management (ITIM) Board that is due to meet by mid June. The policy will then be considered by SMT before being submitted to Members for consideration. When approved, it is expected that this policy will be used as part of induction, appraisals and breaches could result in staff disciplinary action. The policy will be accessible via the Intranet and will be governed ongoing through the ITIM Board.</p> |
| <p>4. We recommend that Management evaluate the need for multiple domain administrator accounts. While we expect administrators to have up to two accounts, we expect one of the accounts to be given lower privileges as this would be for day-to-day use.</p> | <p>Steve Park</p> | <p>Complete</p> | <p>The number of domain admin accounts available to staff have been reduced to a bare minimum. Including lower privileges for day-to-day use as recommended.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>5. We recommend that IT management complete the IT centralisation project and develop centralised IT policies, to cover:</p> <ul style="list-style-type: none"> • Setup/modification and removal of user access for the network and applications; • Program change requirements for the application systems development process • that includes quality assurance, testing, and migration to the 'live' environment; • Software development, acquisition and implementation policy; • Virus management policy; • Firewall policy; • Data Security policy; • Domain policy (including audit policy, password policy and account lockout policy); • System backups and recovery policy; • Disaster Recovery and Business Continuity | <p>Steve Park</p> | <p>Work ongoing Priority plan completed 18 December 2009</p> | <p>A project manager has been recruited and has started to develop the priority plan for ICT consolidation which was available as expected in December 2009. The first group to be fully consolidated will be Revenues & Benefits. The ICT consolidation will cover all areas identified in the original audit recommendation. A priority for the ICT Service has been to focus on implementing service delivery processes and change governance <u>before</u> introducing new services, otherwise the issues caused by lack of process would have been aggravated.</p> <p>A detailed consolidation plan is expected by 30 June 2010. With Rev & Bens being consolidated by 31 July 2010. Other services consolidation timelines will be included in the detailed plan.</p> <p>The ongoing consolidation is now supported by a fully staffed ICT Business Lead function. This has one business lead for every Directorate and they are involved in DMT meetings and ensure that all ICT activity has the visibility of the ICT Service. This is part of the ICT consolidation process delivery.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>policy; and</p> <ul style="list-style-type: none"> Physical Security policy. <p>Once developed, the policies should be approved by senior management and applied across the Council.</p> | | | |
| <p>6. We recommend that lists of access levels that require individual authorisation be identified. The list should be issued to the Service Support team for reference. This will help ensure that any separately requested access to systems is not copied over from the template account and that approval is properly obtained for the system as required.</p> | Steve Park | End of June 2010 | <p>This area has been discussed with the Interim Head of Personnel, since the actions require co-operation between Personnel, ICT and Payroll Services. The vision for the starter \ leaver \ amend process is to have it managed via a manger and employee self-service function and via the Corporate Intranet. The timeline for this is still to be determined and is subject to the initiation of anew project in conjunction with colleagues in the AIM Programme.</p> <p>The infrastructure necessary to support this is in the process of being delivered through Microsoft SharePoint technology and wide ranging changes to the Active Directory.</p> <p>Inactive accounts are now automatically suspended after 90 of inactivity. The ICT Service cannot accept responsibility for the ongoing accuracy of an approval list.</p> |
| <p>7. We reiterate our original recommendation to implement a formal and regular process to review users and access. This should be done as a matter of priority.</p> | Steve Park | End of June 2010 | <p>This is linked to the actions associated with recommendation 6 above.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| 8. We recommend that the monthly management report includes the reporting of risk of servers not detected and potentially not patched by WSUS. | Steve Park | Complete | A management report is now produced and submitted by the ICT Security Manager. The report includes the reporting of risk. |
| 9. We recommend Management take measures to reassess the vacant roles and the ICT security requirements of the Council as soon as possible, in order to ensure that all of the required IT security roles are undertaken and achieve a clearer distinction between IT security management and IT operations. | Steve Park | August 2010 | <p>The ICT Service restructure completed as expected in January 2010. Fortnightly meetings take place with Corporate Personnel and the Agency Client Group to deal with all outstanding vacancies in the ICT Service. Those roles that, whilst unfilled, pose an unacceptable level of risk are filled by temporary contract staff.</p> <p>An offer was made to a permanent candidate for the role of ICT Security Manager however the candidate failed to take the role just days before a start was expected. No other perm candidates were deemed suitable for this role. This role continues to be filled by a highly skilled contractor.</p> <p>The ICT Service is developing a Sourcing Strategy that will determine which role should be filled by MCC staff and which are best addressed as a bought in service from a provider. It is expected that the ICT Sourcing Strategy will be approved by Aug 30 2010.</p> <p>Changes are being made to the ICT Service structure to separately identify security roles as distinct from service operations roles. It is expected that this will be complete by June 30 2010.</p> |
| 10. We recommend the following to be considered during further development of the Disaster Recovery Plan: <ul style="list-style-type: none"> • Define a minimum acceptable recovery configuration for key | Steve Park | September 2010 | The next iteration of the Disaster Recovery plan will be published inline with the go live of the Sharp Building data centre facility in September 2010. |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>businesses and systems; and</p> <ul style="list-style-type: none"> Outline a testing strategy <p>An alternative site has been identified to host the data centre away from the city centre. This site has been obtained in conjunction with the Manchester Digital Development Agency (MDDA) and offers improved environmental conditions, security and recovery capabilities. The new data centre is a key part of the Council's ICT disaster recovery planning. It is expected that the data centre will be fully operational by March 2010. We understand that the Town Hall refurbishment will commence after the relocation of IT facilities to the new centre.</p> | | | |
| <p>11. We recommend that IT complete the revision and agreement of the Information Security Policy and also develops an IT Acceptable Use Policy. The new policy should provide users with an understanding of the policy, its purpose, guidelines for</p> | Steve Park | Complete | <p>Actions taken to address recommendation 3 above apply here. See management response for recommendation 3.</p> <p>The ICT Service cannot be responsible for the acceptable email policy, it can contribute to it.</p> <p>Each time there is a change to these policies, users are prompted to accept the new policy before being allowed access to the network.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>following security practices, and definitions of their responsibilities.</p> <p>All users should be required to acknowledge their acceptance of the new policy and renew acceptance with any revision of the policy. Due to the number of users we would consider it practical to obtain and record user's acceptance of the policy as part of their login to the network.</p> | | | |
| <p>12. We recommend the screensaver password be enabled within the domain security settings to enforce users to log in again after 15 minutes of inactivity.</p> | Steve Park | May 2010 | <p>From January to April, The ICT Service has developed and implemented a new and significantly more rigorous change – test – release process. This aims to improve the success of changes to the ICT infrastructure. The change associated with the screensaver password has been subject to this new process and is expected to be released into live by May 31 2010.</p> |
| <p>14. We recommend a review of the life cycle for software licences, including their purchase, installation, reallocation and reconciliation. Although it is acceptable for different members of staff to be responsible for different licences, IT needs to clearly establish which</p> | Steve Park | End of June 2010 | <p>There have been several failed attempts to fill the post and it is currently re-advertised.</p> <p>The successful of the ICT Contract & Supplier Manager in March 2010 is now adding strength in the lifecycle of software licensing and procurement. The Enterprise Licence Agreement recently procured with Microsoft will be managed in conjunction with Trustmarque who will help MCC get the most out of the EA and will assist in reviewing other licensing arrangements on other technologies.</p> <p>The implementation of the monitoring software (SCCM) is on target for completion in June 2010.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>staff are responsible for each stage of the life cycle.</p> <p>This should be centrally documented and managed by a small number of staff. Management may also consider taking measures to restrict users to being able to install their own software. This may also coincide with the removal of local administrators (see also recommendation</p> | | | |

Report: Grant Claims and Returns 2008/09 (February 2010) Recommendations Implemented - 3/4

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
|---|---------------------|--------------------------------|---|
| <p>R1 Submission of claims and returns .</p> <p>The Council and grants co-ordinator should ensure claims are submitted on time to audit to minimise delays in certification of claims, which could lead to the imposition of financial penalties by government departments.</p> | Steve Carey | Complete | <p>This report was published in February 2010 subsequent to the Committee's last meeting. This recommendation has been implemented in the meantime through the Grants Protocol.</p> |

| Recommendation | Responsible Officer | Recommendation Completion Date | Assurance Provided By Service (Including Risks) |
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| <p>R2 Compilation of claims and returns. The Council should ensure accurate compilation of claims to minimise the risk of audit adjustments and additional work.</p> | <p>Steve Carey</p> | <p>Complete</p> | <p>Covered in the Grants Protocol.</p> |
| <p>R3 Pooling Housing Capital Receipts. The Council should ensure administrative costs deducted from the claim are allowable and are supported by a clear audit trail.</p> | <p>Paul Hindle</p> | <p>End of June 2010</p> | <p>All administrative expenses have been reviewed prior to being included within the capital receipts final return, to ensure that they are in respect of completed sales only, and therefore eligible. Some recharges were raised in the last 2 quarters of the year (Q3 & 4) all ineligible costs have now been adjusted within the year-end claim. The grant file will contain detailed workings that show what the full costs of administration were, and which costs have been included within the claim, due to being related to actual completed sales.</p> |
| <p>R4 Northwest Development Agency. The Council should maintain adequate records in order to enable accurate completion of all claims.</p> | <p>Ceri Taylor</p> | <p>Complete</p> | <p>Improvement in records management through use of PMS and SAP systems. The grants protocol will address this going forward.</p> |