

Appendix 1 – Internal Audit Progress Update

Block	Area of Work	Scope	Status as at 15 September 2009
Pro-active and reactive fraud work (255 days)	Financial Systems - Fraud Risk Assessment and Detection	To identify and document existing systems to develop further intelligence on the risks of exposure to fraud and inform proactive fraud work	Fieldwork Progress in developing this proactive work has been slower than anticipated as a result of higher than anticipated levels of reactive fraud work particularly during July and August 2009, conducting investigations and providing support to managers in their investigations.
	Development of Fraud Response Plan	The Council's effectiveness in countering fraud and corruption in line with the CIPFA Guidance and develop a procedural framework for use by managers and staff in dealing with reports of fraud or corruption.	Fieldwork As above
	IDEA Software Implementation	To successfully implement and develop IDEA software within Internal Audit to provide the ability to independently analyse data as part of assurance work and proactive fraud work	Complete Software has been implemented in both Internal Audit and the Fraud Investigation Group. Has been used to perform a review of purchase card expenditure and a proactive investigation plan is being developed.
	Fraud referrals and whistleblowing cases	Investigation of allegations of fraud and corruption, responses to whistleblowing allegations and collation of intelligence on other cases reported to Internal Audit	There have been a number of whistleblowing cases and investigations for Internal Audit with 85 of the annual allocation of 130 days spent in the year to date. This has resulted in the issue of: <ul style="list-style-type: none"> • 6 final written reports. Complete • 2 cases where investigations have been completed. Fieldwork Complete • 4 cases where investigations are ongoing. Fieldwork This volume of work and support to the Council in other investigations not led by Internal Audit has impacted on the ability of the team to drive forward pro-active work.
Pro-active and reactive fraud work (255 days)	Money Laundering Policy and Procedures	The Council's arrangements in complying with Money Laundering regulations 2007 and the proceeds of crime act	Not started (planned for quarter 4)

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(255 days)	National Fraud Initiative	To identify possible cases of fraud from NFI and detect and correct any consequential under or overpayments from the public purse	Fieldwork
	Review and refresh of anti-fraud and corruption policies	Review and re-launch of the Councils Anti Fraud and Corruption Policy, Whistle blowing Policy and other key policies	Fieldwork Review complete. Relaunch to commence in September with briefing to Corporate Services CPD group on fraud and corruption.
Compliance audits (184 days)	Adult Social Care – Cash Handling Procedures	Effective controls over the handling of cash on behalf of Adult Social Care service users	Fieldwork complete
	Casework management	Compliance with casework management policies and procedures for vulnerable children and vulnerable adults	Fieldwork
	Code of Compliance Audits	Compliance with the Code requirements on gifts and hospitality	Fieldwork complete
	Compliance with financial regulations	Management compliance with policies and procedures in respect of travel and subsistence expenses	Not started (planned for quarter 4)
	Compliance with laws and regulations	Compliance with the requirements of the Freedom of Information Act and Data Protection Act	Not started (planned for quarter 4)
	Grant Certification	Support to City Treasurer in the audit of grant claims	Complete Reports issued on three grant claims.
	Compliance - Procurement and Contracting	Management compliance with policies and procedures in respect of procurement and contracts	Not started (planned for quarter 3)
	Compliance – Recruitment	Management compliance with policies and procedures in respect of recruitment.	Fieldwork complete
Contingency (263 days)	Contingency	Block of contingency to be released to other areas of audit work during the year based on an in-year risk assessment	Areas of focus to date have been: <ul style="list-style-type: none"> Blue badges – audit of compliance with procedures for the control of blue badge use. Fieldwork complete NI158 – targeted audit of national indicator 158 (decent homes standards) Fieldwork complete

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			<ul style="list-style-type: none"> Homeless housing benefits – audit of reconciliation process. Fieldwork complete Support to business continuity team in developing new system for recording continuity plans. Complete
Corporate Services (229 days)	Core Financial Systems	Adequacy and effectiveness of financial systems controls - full audits for 4 systems and walkthrough confirmation / compliance tests for 8 systems	<p>Fieldwork complete for:</p> <ul style="list-style-type: none"> Payroll <p>Fieldwork for:</p> <ul style="list-style-type: none"> Treasury Management Cash receipting Creditors Debtors <p>Planning complete for:</p> <ul style="list-style-type: none"> Revenue and Capital budgets Business Rates Housing Benefits Council Tax Fixed assets Accounting and general ledger
Corporate Services (229 days)	Council tax exemptions and discounts	Council Tax Exemptions and discounts are appropriately calculated, awarded and reviewed.	Fieldwork complete
	Final Accounts	Targeted audit work on the Council's Statement of Accounts	Complete Review of statement of accounts and programme of testing of debtors / creditors resulting in report to Head of Financial Management
	Framework Contracts (Construction Hub)	Risks to the Council are managed in the development of the NW Construction Hub	Fieldwork

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	IFRS	Adoption of International Financial Reporting Standards in accordance with guidance in CIPFA LAAP bulletin.	Planning Meetings held with Head of Financial Management and Head of Financial Accountancy. Project plan reviewed and assurance obtained over progress.
	Obtaining and Managing External Funding	Risks relating to external funding are managed effectively	Fieldwork complete
	Revenue Budget Setting	The Councils budget setting process reflects the priorities identified in the councils organisational and departmental plans	Not started (planned for quarter 3)
Cross Cutting (240 days)	Business Unit Review - Children and Families District	Effective management of people, finance, risk and performance	Planning
	Business Unit Review - Capital Programme Group	Effective management of people, finance, risk and performance	Planning
	Business Unit Review - Libraries and Information Service	Effective management of people, finance, risk and performance	Planning
	Business Unit Review - Manchester Engineering Design Consortium	Effective management of people, finance, risk and performance	Planning
Cross Cutting (240 days)	Commissioning Strategy	Strategies support the effective delivery of Corporate Plan and Community Strategy objectives	Fieldwork
	MIP Strategy	Strategies support the effective delivery of Corporate Plan and Community Strategy objectives	Not started (planned for quarter 4)
	People Strategy	Strategies support the effective delivery of Corporate Plan and Community Strategy objectives	Fieldwork complete
	Performance Strategy	Strategies support the effective delivery of Corporate Plan and Community Strategy objectives	Not started (planned for quarter 3)

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	Sustainability Strategy	Strategies support the effective delivery of Corporate Plan and Community Strategy objectives	Planning
	Town Hall Complex	Effective governance and financial management arrangements for the Town Hall Complex project.	Fieldwork
Childrens' Services (236 days)	Academies	An effective academies model is in place and delivered consistently across the City	Fieldwork
	Children's Trust Arrangements	Childrens' Trust Arrangements are developed in line with plans and required outcomes	Not started (planned for quarter 3)
	Teenage conception strategy	The teenage conception strategy is comprehensive and supported by clear action plans to support the achievement of national and local targets	Not started (planned for quarter 4)
	Closing schools audits	Risks associated with closing schools are managed effectively	Final reports issued in respect of the following schools: <ul style="list-style-type: none"> • Bishop's Bilsborrow. Complete • St Edward's RC Primary. Complete

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Childrens' Services (236 days)	Schools moving to academies audits	Risks associated with schools moving to academies are managed effectively	Final reports issued in respect of the following schools: <ul style="list-style-type: none"> • Brookway High. Complete • North Manchester High School for Boys. Complete • North Manchester High School for Girls. Complete • Parklands High. Complete • Plant Hill High. Complete Thematic reports being drafted for the Director of Childrens' Services.
	Commissioning Framework - Cross cutting review in Childrens' Services and Adult Social Care	Commissioning strategy has been translated into an effective model for Childrens' Services and Adult Social Care commissioning	Fieldwork
	Contact Point	Effective implementation and roll-out of Contact Point	Fieldwork complete
	District Model (Governance)	Governance arrangements support the effective delivery of District Management arrangements	Fieldwork
	Education redesign	Performance management arrangements and operational processes are in place to deliver the school improvement service	Not started (planned for quarter 4)
	Safeguarding Children	Safeguarding arrangements are robust, in line with national requirements and are consistently applied across the City to ensure the protection of Children	Planning
	School assurance framework	Development of a schools assurance framework	Ongoing This has been an area of ongoing focus and liaison with Children's Services to support the development of a cross –Council assurance approach.

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	School attendance	An effective strategic approach delivers improved attendance at Manchester Schools	Fieldwork complete
	School Governance	Support to the delivery of the School Governance project	Ongoing Support to Head of Schools' Governance in developing Local Authority support and challenge arrangements for schools.
FMSiS (210 days)	FMSiS	Delivery of FMSiS assessment at primary and secondary schools	Planning Letters sent to all relevant schools to advise that assessments / reassessments will take place in January / February 2010.
Schools (350 days)	Schools Audits	Delivery of core audit programme of risk-based school audits	Complete Reports to date issued for: <ul style="list-style-type: none"> • Abbott Community • Ashbury Primary • Broadhurst Primary • Cavendish Primary • Chapel Street Primary • Cheetwood Primary • Crowcroft Park Primary • Didsbury CofE Primary • Lily Lane Junior • Lily Lane Infant • Martenscroft Nursery • Old Moat Primary • Rackhouse Primary • Rodney House Primary • Sandilands Primary • Saviour CofE Primary • Sacred Heart Primary, Gorton • Seymour Road Primary

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			<ul style="list-style-type: none"> • St Agnes Primary • St Anne's, Ancoats • St James Primary, Gorton • Varna Street Primary • Burnage High • Chorlton High • King David High Further school reports will be issued from September.
Governance and Performance (114 days)	Added Value from Partnerships	To provide assurance over the mechanisms for determining, evaluating and monitoring the added value that derives from partnerships.	Not started (planned for quarter 4)
	Annual Governance Statement	To work with the Head of Financial Management in providing assurance over the full accurate and timely completion of the AGS.	Draft report
	Business Planning	To provide assurance over the Council's approach to business planning and make a contribution to the review of business plans	Not started (planned for quarter 4)
	Data Quality	Compliance with the data quality strategy through testing of performance management data.	Fieldwork
	Local Area Agreement	Effective cascade of outcomes from the Community Strategy, though targets, objectives and actions delivered through the Manchester Partnership.	Fieldwork
	Partnership Governance	Compliance of significant partnerships with Partnership Governance Standards	Not started (planned for quarter 3)
	Stakeholder engagement in partnerships.	Effective partnership engagement with key stakeholders.	Not started (planned for quarter 4)
ICT (189 days)	ICT Assets - Lifecycle Management	Effective controls over the acquisition, management and disposal of ICT assets	Fieldwork complete

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ICT (189 days)	ICT contract and supplier management	Monitoring arrangements ensure that ICT supply and service contracts are delivered to the agreed specification	Planning
	ICT Governance	Appropriate arrangements are in place through which the current and future use of ICT is directed and controlled	Planning
	Internal and External Penetration Tests	The risk of potential vulnerabilities of the Councils internal and external facing ICT infrastructure	Not started (planned for quarter 3)
	Internet Management and Usage	The external risks that threaten ICT network security	Not started (planned for quarter 3)
	IT Access	Adequacy and effectiveness of controls over access to ICT	Not started (planned for quarter 3)
	IT resilience and disaster recovery	Robustness of plans to ensure ICT resilience and ability to recover from ICT disasters	Planning
	MiCare	Recording, use and reporting of data in the MiCare system	Fieldwork
	Security Assessment (including GC compliance)	Robustness of the security of key technologies and platforms that support the overall delivery of ICT services	Fieldwork Interim report on Government Connect compliance issued July 2009
	Use of ICT to support home and mobile working	The security, integrity and confidentiality of information is maintained for home and mobile working	Not started (planned for quarter 3)
Other work (53 days)	GMITA	Provision of Internal audit to the Integrated Transport Authority	Not started (planned for quarter 4)
	Mersey Valley Joint Committee	Provision of Internal audit to the MVJC	Not started (planned for quarter 4)
	PATROL	Provision of Internal audit to the PATROL	Not started (planned for quarter 4)
Neighbourhood Services	Adult Social Care Commissioning	The strategic approach to commissioning is translated to ensure the effective delivery of Mental Health services	Fieldwork

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Neighbourhood Services (166 days)	Business Continuity	Appropriate actions have been taken to response to the 2008/09 audit report and lessons learned from the ICT virus incident	Fieldwork
	Environmental Health – Licensing and Enforcement	Robust systems are in place to address the legislative framework within which the Council carries out its licensing duties	Not started (planned for quarter 3)
	Events Management	Performance measures support effective decision making in respect of special events	Not started (planned for quarter 4)
	Green Strategy - Delivery	strategy is comprehensive and supported by a framework of actions plans for the delivery of environmental projects/policies	Planning
	Personalisation – Individual Budgets	Effective controls are in operation with regard to the processing, monitoring and reporting of individual budgets.	Planning
	Safeguarding of Adults – Recruitment	Recruitment arrangements within Adult Social Care are comprehensive, comply with legislation/directives and are consistently applied across the Manchester Safeguarding Adults partnership	Fieldwork complete
	Waste Management – Recycling	Arrangements support the Council's commitment to recycling and the achievement of both local and national targets	Not started (planned for quarter 4)
Regeneration (115 days)	Accountable Body Role	Governance arrangements ensure the effective discharge of the Council's accountable body role in respect of Growth Point (social housing)	Fieldwork
	Congestion and transport (Local Transport Plan)	Information and data supports the development and delivery of an effective local transport plan for 2011	Fieldwork
	Decent Homes Standards	Arrangements between the City Council and RSL's/ALMO's ensure the Council can demonstrate decent homes standards are met.	Fieldwork

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Regeneration (115 days)	Metrolink	Effective governance and financial management arrangements mitigate risks arising from joint funded projects (phase 3a)	Not started (planned for quarter 4)
	Trust Arrangements	Effective monitoring and control of the exposure to risk arising from trust arrangements	Not started (planned for quarter 4)
	Worklessness	Effective governance arrangements exist between partner organisations to ensure the successful delivery of the Worklessness agenda.	Not started (planned for quarter 3)
Block allocations (1,018 days)	Completion of audits 2008/09		Complete (all reports issued as final other than 8 reports in draft)
	Advice and guidance		Ongoing advice and guidance to officers across the Council in all matters of internal control, contracting, risk management and governance.
	Client and delivery management		Ongoing time spent by management in the delivery of audits, contribution to corporate initiatives and liaison with clients.
	Follow-up of Internal Audit recommendations		Ongoing follow-up of recommendations issued in previous reports.