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AUDIT PANEL

Day: Tuesday
Date: 3 November 2015
Time: 2.00 pm
Place: Lesser Hall - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	APOLOGIES FOR ABSENCE To receive any apologies for the meeting from Members of the Panel.	
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Panel.	
3.	MINUTES The Minutes of the previous meeting held on 26 May 2015 to be signed by the Chair as a correct record (Minutes attached).	1 - 6
4.	PROGRESS REPORT ON RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES APRIL TO SEPTEMBER 2015 To consider a report of the Assistant Executive Director (Finance).	7 - 26
5.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Charlotte Forrest on charlotte.forrest@tameside.gov.uk or 0161 342 2346, to whom any apologies for absence should be notified.

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AUDIT PANEL

26 May 2015

Commenced: 2.00pm

Terminated: 2.45pm

Present: Councillor Ricci (Chair)

Councillors Bailey, Fairfoull, J Fitzpatrick, Miah and Peet

Apologies
for absence: Councillors P Buckley and Welsh

1. DECLARATIONS OF INTEREST

There were no declarations of interest to report at this meeting.

2. MINUTES

The Minutes of the proceedings of the meeting of the Audit Panel held on 17 February 2015 having been circulated, were signed as a correct record.

3. REVIEW OF INTERNAL AUDIT 2014/15

Consideration was given to a report of the Assistant Executive Director of Finance, which reviewed the effectiveness of internal audit and measured practices and performance of Internal Audit with the standards set out in the Public Sector Internal Audit Standards.

Information was given with regard to the background to the review, the requirements of the Public Sector Internal Audit Standards and the process that had been adopted.

It was explained that the Code of Ethics set out the definitions in principles (called standards) which established how a professional internal audit service should operate. It provided a framework for measurement, management and monitoring the function.

The standards and an assessment against each of the standards and a comparison of the results for 2014 compared to the position as at March 2015 were detailed.

The report concluded that, against each of the standards, Internal Audit had achieved all the requirements of the Public Sector Internal Audit Standards and that the Internal Audit Service contributed to the overall control environment of the Council. The outcome of the review, together with the positive comments received from the External Auditors and also from Senior Management Teams/Executive Members, demonstrated that the Council had an adequate and effective system of internal audit.

Members added their congratulations to the Internal Audit Team.

RESOLVED

That the content of the report be noted.

4. RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2014/15

The Head of Risk Management and Audit Services submitted a report, which summarised the work performed by the Service Unit and provided assurances as to the adequacy of the Council's system of internal control.

Reference was made to the major achievements of the Service Unit for 2014/15 which were detailed in the report.

It was explained that the report presented to the Audit Panel in June 2014 provided a listing of the work planned for 2014/15. The plan, as reported during the year, was revised on a regular basis to ensure that it was aligned to changes in service priorities, risks, directorate structures and resources available. Successful delivery of the plan could be measured in two ways:

- Actual productive audit days delivered against the plan; and
- Percentage of planned audits completed.

The full year position of the audit plan by Directorate/Service Area was detailed, which displayed the plan realigned for service changes, actual days as at 31 March 2015 and the percentage completed. The days delivered against the plan in total were 1,762 compared to the revised plan of 1,767, which represented 99.7%.

The year-end Plan detailed the realignment of the plan, taking into account the management restructure which became effective in November 2014.

The second measure focused on the planned audits and calculated the actual rate of completion per audit and then consolidated the individual outcomes into one single percentage figure. The figure for 2014/15 was 92% compared to 93% in 2013/14. Whilst the indicator was above the target of 90%, it showed a reduction from last year and the volatility of the indicator. This was because a large number of audits were still in progress at the end of March 2015 resulting in the dip in performance.

With regard to anti-fraud work, reference was made to the nineteen cases of suspected fraud and irregularity which were reported to Internal Audit for full investigation, (this was an amended figure from that shown in the report of seventeen). All cases had been investigated using a standard protocol and procedure.

The report further detailed the following:

- Risk Management and Insurance;
- Performance indicators; and
- Audit opinion based on results of 2014/15 activity.

The report concluded that the overall audit opinion on the control environment for 2014/15 based upon the audit work undertaken was strong and effective. It was accepted that the gross risk for the council had increased (due to reduced capacity, whilst still having to deliver a significant change programme to meet financial challenges). It was reported that controls were in place to mitigate such risks and where improvements had been highlighted, managers had agreed to implement the suggested recommendations. This would aid the management of risk and support the overall control environment.

RESOLVED

That the report, the overall audit opinion on the control environment and the performance of the Service Unit for 2014/15 be noted.

5. ANNUAL GOVERNANCE REPORT 2014/15

The Assistant Executive Director of Finance submitted a report, which sought Members' views on the following:

- The Draft Annual Review against the Code of Corporate Governance for 2014/15; and
- The Draft Annual Governance Statement for 2014/15.

The report explained the framework around Corporate Governance requirements and detailed the Six Core (and supporting) Principles which were adopted and approved by the Audit Panel in May 2013.

It was further reported that a review had been completed assessing the Council's position against the approved Code of Corporate Governance in order to demonstrate compliance, ongoing developments/improvement and to prepare for the compilation of this year's Annual Governance Statement and Statement of Assurance, which were required by the Accounts and Audit Regulations 2011. The draft annual review for 2014/15 was appended to the report.

The Draft Annual Governance Statement for 2014/15 was also appended to the report for comment.

RESOLVED

- (i) That the draft report on the Annual Review against the Code of Corporate Governance for 2014/15 be approved;**
- (ii) That the draft Annual Governance Statement for 2014/15 be approved; and**
- (iii) That delegated authority be granted to the Assistant Executive Director – Finance to make further amendments to the Annual Governance Statement upon receipt of further feedback.**

6. RISK MANAGEMENT AND AUDIT SERVICES WORK PLAN FOR 2015/16

Consideration was given to a report of the Head of Risk Management and Audit Services, which presented the planned work for the Risk Management and Audit Service for 2015/16. The report set out in detail the work of Internal Audit and sought approval for the Annual Audit Plan for 2015/16, which was appended to the report.

The Head of Risk Management and Audit Services explained that the Plan was reviewed and revised each year to take into account service and legislative changes, which could result in large shifts in priorities and culminated in the production of the Annual Audit Plan.

It was reported that Audits were prioritised based on an assessment of risk and allocated a risk score of High, Medium/High, Medium, Low/Medium or Low and the factors taken into account were outlined.

The Annual Plan for 2015/16 was appended to the report and provided a summary of the key audits to be undertaken in each Directorate, including those planned for the Greater Manchester Pension Fund. The total days required to deliver the plan were 1,937 days and had been matched to available resources. It was further reported that the Plan would be kept under constant review and regular meetings would be held with the Senior Management Team to ensure that it truly reflected the key risks for the Council going forward as it changed in shape and size to meet the financial challenges placed upon it.

With regard to the Public Sector Internal Audit Standards (PSIAS), it was reported that from 1 April 2013, the CIPFA Code of Practice for Internal Audit in the UK 2006 had been replaced by the Public Sector Internal Audit Standards (PSIAS). A self-assessment against the standards had been completed to inform the Review of Internal Audit (Minute 3 refers), and the service was fully compliant with the requirements. An external assessment must be conducted at least once every

five years as part of the PSIAS and this would be co-ordinated by the AGMA Chief Internal Auditors Group.

A self-assessment against the CIPFA Statement for the Head of Internal Audit had also been completed as part of the Review of Internal Audit and the Annual Governance Statement assurance work and the Head of Risk Management and Audit Services met all the requirements.

In order to comply with the Public Sector Internal Audit Standards, it was necessary for the Audit Panel to approve the Internal Audit Strategy and the Internal Audit Charter, both of which were also appended to the report.

The report further detailed the following:

- Proactive fraud work/irregularity investigations;
- Risk management and insurance;
- National Anti-Fraud Network Data and Intelligence Services;
- Performance Monitoring; and
- Member Training.

RESOLVED

- (i) That the Internal Audit Annual Plan for 2015/16, as appended to the report be approved;**
- (ii) That the planned work of the Risk Management and Insurance Team and National Anti-Fraud Network Team be noted; and**
- (iii) That the Internal Audit Strategy and Internal Audit Charter for 2014/15, as appended to the report, be approved.**

7. ACCOUNTING FOR POLICIES AND ESTIMATES FOR THE 2014/15 ACCOUNTS

Consideration was given to a report of the Assistant Executive Director, Finance, which sought to bring certain items to the attention of the Panel in advance of the closure of the accounts for 2014/15, as follows:

- Accounting policies to be used;
- Critical judgements made in applying the accounting policies; and
- Assumptions made about the future and other major sources of estimated uncertainty within the accounts,

The accounting policies, as based on the requirements of the International Financial Reporting Standards (IFRS) were used to produce the financial statement for 2014/15 and were also appended to the report.

There were no major changes to the IFRS that would influence the Council's accounting policies for 2014/15, however there were some minor amendments and these were detailed.

Judgements to be used in preparing the accounts were detailed and discussed and particular reference made to the level of Council reserves and the level of financial risk being faced by the Council. It was explained that reserves provided a way for the council to ensure that any financial shocks could be absorbed without immediately impacting on frontline service delivery.

The amended Statement of Accounting Policies (effective for the accounts for 2014/15 and future years) was appended to the report.

RESOLVED

- (i) That the amended Statement of Accounting Policies, as appended to the report, be agreed; and**

- (ii) **That the critical judgements and major sources of estimated uncertainties included within the Statement of Accounts and the impact of alternative estimation bases being used, be noted.**

8. GMPF STATEMENT OF ACCOUNTS 2014/2015 GOVERNANCE ARRANGEMENTS

The Assistant Executive Director of Finance presented a report informing Members of the governance arrangements for approval of the accounts for Greater Manchester Pension Fund as part of the accounts of Tameside as administering authority. The report also sought Members approval of the key assumptions for estimates to be used in the accounts.

It was explained that the key decision making body for the Fund was the Management Panel, which approved the Pension Fund accounts and received audit reports. The key decision making bodies for the Council were: the Audit Panel, which received accounting policy reports for both the Fund and the Council and the Overview (Audit) Panel, which received the report of the external auditor following the audit of the accounts. TMBC retained overall responsibility for the accounts of both and the follow-up on the audit reports received for both, but in practice delegated the responsibility for the Fund to the Fund.

The provisional timetable for approval of the accounts and audit reports by these bodies for 2015/16 was outlined in the report.

With regard to key changes for GMPF accounts for the current year, the partial adoption of CIPFA's guidance on accounting for management costs in the LGPS were explained. The aim of the guidance was to improve transparency in the reporting of investment costs by improved disclosure of transaction costs and costs of pooled investment vehicles. The intention for GMPF was to phase in the implementation over two years.

RESOLVED

- (i) **That the governance arrangements for the approval of the accounts for Greater Manchester Pension Fund as part of the accounts of Tameside MBC as administering authority, be noted; and**
- (ii) **The assumptions for estimates to be used in the GMPF Statement of Accounts 2014/15 be approved.**



9. URGENT ITEMS

The Chair reported that there were no urgent items for consideration at this meeting.

CHAIR

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Agenda Item 4

Report To:	AUDIT PANEL
Date:	3 November 2014
Reporting Officer:	Ben Jay – Assistant Executive Director (Finance) Wendy Poole - Head of Risk Management and Audit Services
Subject:	PROGRESS REPORT ON RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES APRIL TO SEPTEMBER 2015
Report Summary:	To advise members of the work undertaken by the Risk Management and Internal Audit Service between April and September 2015 and to comment on the results.
Recommendations:	<ol style="list-style-type: none">1. Members note the report and the performance of the Service Unit for the period April to September 2015.2. Members approve the Revised Audit Plan for 2015/16 at Appendix 1.
Links to Community Strategy:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the Section 151 Officer)	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor)	Demonstrates compliance with the Accounts and Audit Regulations 2011. It will be necessary as part of the significantly reduced resources available to the whole Council to ensure that the audit function also reflects those reductions and ensures that it is 'fit for purpose' and provides value for money going forward in a revised Council structure reflecting public reform including the ICO. It will be necessary to look at new ways of working to ensure that we use resources as effectively as possible and keep the organisation safe.
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the council's operations are being effectively managed.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting:  Telephone: 0161 342 3846  e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

- 1.1 This is the first progress report for the current financial year and covers the period April to September 2015.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Internal Audit Service during the first half of the year in respect of the approved Plan for 2015/2016, which was presented to the Audit Panel in May 2015.

2. RISK MANAGEMENT AND INSURANCE

- 2.1 The approved priorities for 2015/2016 are:-
- To deliver Risk Workshops for managers from summer onwards to enable risk registers to be updated in response to the 'Decant' from TAC.
 - To facilitate the continued implementation of the Information Governance Framework by:-
 - Providing advice and guidance in relation to the retention and disposal of information as a priority as part of the 'Big TAC Tidy Up';
 - Keeping the framework up to date with any new guidance issued by the Information Commissioners Office (ICO);
 - Introducing a series of internal reviews across the Council to ensure compliance with procedures and guidance.
 - To review the Business Continuity Management system in place to streamline the process to create a management tool that is workable, with a capability to provide knowledge and information should a major incident occur.
 - To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.
- 2.2 With regards to Information Governance advice and guidance was delivered to help support the 'decant' from TAC to ensure that information assets were securely transferred to a new location or disposed of in line with corporate guidance. The Information Governance Framework is currently being reviewed to reflect new ways of working and changing technologies.
- 2.3 A review of Information Governance training has taken place over the summer and a further E-Tutorial is to be launched for completion before the break for Christmas. The training will expand on the Data Protection training already undertaken by staff. Targeted training to specific teams who deal with large volumes of personal and sensitive information is delivered on request. We are also assisting teams to manage their paper documents, by working with them to clarify retention periods and alternative storage solutions.
- 2.4 Advice and guidance has continued to be delivered across the Council ensuring that proper insurance covers are in place and that risks are managed to an acceptable level. The Team have continued to work with our insurers, claims handlers and legal representatives to ensure that all claims (including the litigated claims) have a robust defence in place.
- 2.5 Information Governance work across AGMA has continued, to assist with the creation of data sharing protocols for the wider complex GM projects being delivered by the Public Service Reform (PSR) Team. As a result of the Risk and Insurance Manager's involvement in this work he was offered a six month secondment to the PSR Team which has been supported by the Council and will not return to his post until April 2016. This may therefore affect the delivery of the above objectives although support for Risk Management is

available within our contracts from both our Brokers and Insurers and this is being explored as a stop gap.

3. INTERNAL AUDIT

3.1 The Audit Plan approved on 26 May 2015 covered the period April 2015 to March 2016 and totalled 1937 Days.

3.2 Table 1 below provides an update on progress against the plan to 2 October 2015. It can be seen from the table below that 41% of the audit days have been delivered so far compared to 50% at this stage during 2014/15 and 45% in 2013/14.

Table 1 – Annual Audit Plan Progress as at 2 October 2015

Service Area / Directorate	Approved Plan 2015/16	Actual Days To 2 October 2014	% Complete
People	230	135	59
Public Health	60	6	10
Place	199	68	34
Governance and Resources	330	127	38
Schools	293	116	40
Cross Cutting	40	0	0
Greater Manchester Pension Fund	300	112	37
Contingency Days	10	0	0
Planned Days 2014/15	1462	564	39
Proactive Fraud Work and Irregularity Investigations	475	235	51
Total Days 2014/15	1937	799	41

3.3 Performance to date has been affected by reduced resources, annual leave and ad hoc requests for reviews, advice and support which were not included in the original plan. The Audit Plan is responsive to the needs of the organisation and as such it is normal practice to amend the plan during the year.

3.4 A detailed review of the audit plan has been undertaken in conjunction with senior management to ensure that the plan is still relevant and meets with available resources. The original plan of 1462 days which represented planned work was based on estimated resources at the beginning of the year.

3.5 Taking into account actual resources to date and those available for the second half of the year the plan has been revised down to 1270 days and is summarised in table 2 below. Resources have reduced due to a maternity leave and a member of staff transferring to the Pension Fund. A consultation exercise has taken place with senior management to discuss progress to date and ensure that priority audits/reviews are delivered during the second half of 2015/16.

3.6 **Table 2 – Revised Annual Audit Plan 2015/16**

Service Area / Directorate	Approved Plan 2015/16	Revised Plan 2015/16	Increase (Decrease) in Days
People	230	240	10
Public Health	60	27	(33)
Place	199	163	(36)
Governance and Resources	330	261	(69)
Schools	293	286	(7)
Cross Cutting	40	38	(2)
Greater Manchester Pension Fund	300	250	(50)
Contingency Days	10	5	(5)
Planned Days 2015/16	1462	1270	(192)
Proactive Fraud Work and Irregularity Investigations	475	475	0
Total Days 2015/16	1937	1745	(192)

3.7 However, taking into account progress against the plan in the first six months, additional audits delivered and a reassessment of the days needed to complete the remaining plan, approximately 300 planned days need to be removed/rescheduled from the approved plan to accommodate new requests detailed in the revised plan. A revised plan for 2015/16 is attached at **Appendix 1**.

3.8 The revised plan shown above of 1745 total days is dependent on engaging 60 days of external support to help deliver the school audit plan. Any slippage in this process will affect the delivery of the revised plan.

3.9 During the first half of the year, 12 Final Reports were issued in relation to systems, risk and managed audits, the results of which are summarised in table 3 below.

Table 3 – Final Reports Non-Schools

Opinion	Number	%	Total To Date	Total for 2014/15
High	1 (0)	8	1 (0)	2 (2)
Medium	5 (1)	42	5 (1)	8 (3)
Low	6 (1)	50	6 (1)	4 (0)
Totals	12 (2)	100	12 (2)	14 (5)

Note: The figures in brackets relate to Final Reports issued for the Pension Fund.

3.10 In addition to the final reports issued above, 7 Draft Reports have been issued for management review and responses and these will be reported to the Panel in due course.

- 3.11 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category:-
- Hattersley Collaboration Agreement
 - Public Health Grant
 - Local Transport Settlement Grant
 - Troubled Families Financial Claim Verification
 - HR Teachers Pension Scheme Verification Checks
 - Bus Subsidy and Pinchpoint Grants
 - Pension Fund - Ministry of Justice Assurance Work
- 3.12 9 School Audits were completed during the period, the results of which are summarised in table 4 below.

Table 4 – Final Reports Schools

Opinion	Number	%	Total To Date	Total for 2014/15
High	2	22	2	4
Medium	5	56	5	13
Low	2	22	2	3
Totals	9	100	9	20

- 3.13 In addition to the final reports issued above, 3 Draft Reports have been issued to Schools for management review and responses and these will be reported to the Panel in due course.
- 3.14 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance is issued the post audit review is scheduled for three months to ensure that the issues identified are addressed. 24 Post Audit Reviews have been completed during the period. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented. A further 17 Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4. REVIEW OF INTERNAL AUDIT

- 4.1 The review of Internal Audit reported to the Audit Panel on 26 May 2015 against the Public Sector Internal Auditing Standards (PSIAS) highlighted that the service is fully compliant with the requirements of the standard.
- 4.2 The Public Sector Internal Audit Standards (PSIAS), introduced from April 2013, require at Standard 1312 that each organisation's internal audit service is subject to an external assessment "once every five years by a qualified, independent assessor or assessment team from outside the organisation".
- 4.3 As this requirement affects all local authorities a sub-group of the North West Chief Audit Executives' Group, led by Cheshire West and Chester, has been considering a 'Peer Review' approach where the participating authorities would assess another authority from within the Group. This is a model that is working successfully across the London Boroughs. The key benefits of this type of approach would be consistency of approach, benchmarking and value for money. At its meeting of 23 July 2015 the North West Group signed off a memorandum of understanding (MoU) that now enables the peer review methodology to be piloted during the remainder of the calendar year. It is envisaged that wider rollout of the

final methodology will commence during 2016/17. Progress in relation to this matter will be reported to the Panel at the completion of the pilot before the methodology is introduced and rolled out.

- 4.4 Whilst compliant with the procedural aspects of the PSIAS a full review of the audit process will commence shortly to ensure that it is effective, meets with the needs of the organisation and is fully utilising the new features offered by the audit management system “Galileo” software upgrade (to be implemented shortly) to maximise efficiencies and enhance service performance.

5. ANNUAL GOVERNANCE STATEMENT 2014/15

- 5.1 The Annual Governance Statement presented to the Audit Panel on 26 May 2015 and approved by the Overview (Audit) Panel on 21 September 2015 highlighted six areas for development. Table 5 below provides an update on progress to date.

Table 5 – Annual Governance Statement Development Areas

Development	Progress to Date
<p>The ongoing level of change across the organisation, reduced resources and staff capacity to deliver the challenges faced by the Council is managed by ensuring that proper governance procedures and risk management are in place to safeguard that the overall control environment is not adversely affected.</p>	<p>A risk based Internal Audit plan is in place which addresses the keys risks facing the council. Furthermore, Internal Audit is invited to participate at the outset on project groups to ensure that risks are fully assessed and controls are satisfactorily introduced or amended. Risk management is embedded in service delivery as all reports submitted for decisions by both officers and members have to detail the risk implications to ensure that they are being managed. Assistance from Risk Management and Audit is provided when requested.</p>
<p>The integration and partnership working with the Local Health Economy are instrumental in delivering a healthier Tameside, however, as we move towards an Integrated Care Organisation it is critical that strong governance arrangements are introduced to ensure that positive outcomes are achieved through robust systems and procedures, that are open and transparent and monitored accordingly.</p>	<p>Ongoing meetings are taking place to ensure that strong governance arrangements are introduced. Internal Audit is also involved.</p>
<p>Vision Tameside, which is a multi-million pound project in partnership with Tameside College, is delivered in accordance with agreed milestones and that the risks to service delivery during the interim period are kept under review to minimise disruption to the people and businesses of Tameside so that together the mutual benefits of the</p>	<p>Regular reports are provided to SMT/ET, Board and Cabinet.</p>

Development	Progress to Date
<p>project will be recognised and celebrated. It is also important to ensure that the benefits of the new building are realised in terms of different ways of working and reducing future running costs.</p>	
<p>The risks associated with 'decanting' from TAC and the transfer of the data centre to Rochdale MBC need to be managed to ensure that robust processes are in place to enable the council to continue to deliver its services effectively to maintain good outcomes for the residents of Tameside.</p>	<p>All staff have now successfully relocated into different building across the Tameside estate. Risk Management advice was given during the moves to ensure robust processes were in place. Disruption to service delivery was minimised.</p> <p>The transfer of the data centre was successfully managed and the project delivered without any incidents.</p>
<p>As in last year, this continues to be a key issue for the Greater Manchester Pension Fund (GMPF) as the transfers from the Ministry of Justice Project draws to a conclusion, which involves transferring the Probation Service Pension Schemes into the GMPF. It is important that the process is managed and that a robust assurance process is in place to ensure that all the transfers are completed efficiently and effectively.</p>	<p>Assurance work undertaken in Quarter 1 and all transfers have been completed successfully.</p>
<p>Improvements to the creditor payments system have been highlighted as part of an internal audit review. A full system review is currently underway to review the process from procurement to payment.</p>	<p>Work is ongoing.</p>

6. IRREGULARITIES/COUNTER FRAUD WORK

- 6.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.
- 6.2 All investigations and assistance cases are reviewed by the Standards Panel every month and where appropriate the members of the Panel challenge and comment on the cases and offer further guidance and direction. Assistance cases can range from obtaining information for an investigating officer to actually undertaking a large proportion of the analysis work to provide evidence for the investigatory process.
- 6.3 The number of cases investigated during the period April to September 2015 is summarised in Table 6 below. Work is underway to review the investigation process and all guidance notes and policies in light of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. An update to the Fighting Fraud Locally Strategy is expected within the next

month, together with the results from the CIPFA Fraud Survey and the findings and recommendations from these will be built into the new documents and presented to a future meeting of the Panel.

Table 6 – Investigations Undertaken from April to September 2015

Detail	No. of Cases
Cases B/Forward from 2014/2015	13
Current Year Referrals	9
Total	22
Cases Closed	3
Cases Still under Investigation	19
Total	22
Assistance Cases	2

- 6.4 Work has continued during the period on the matches identified from the National Fraud Initiative (NFI) 2014 Exercise and the key matches identified are shown below in table 7.

Table 7 – NFI Data Matches 2014

NFI Data Set	Total Number of Matches	Number of Rec'd Matches	Comments		
			Processed	In Progress	No. of Error/Frauds and Value
Pensions to DWP Deceased Persons	569	101	101	-	34 (Fraud) £24,841
Housing Benefits to Student Loans	281	134	128	6	-
Housing Benefits to Payroll	634	132	95	37	
Housing Benefit to Personal Alcohol Licences	42	22	19	3	-
Housing Benefit Claimants to UK Visas	6	5	5	-	-
Housing Benefit to In-Country Immigration	8	2	2	-	-
Blue Badge to DWP Deceased	457	451	451	-	-
Private Residential Cares Homes to DWP Deceased	33	11	11	-	1 (Error) £5,744
Pensions to Payroll	2034	687	1	686	-
Creditors Duplicate Records/Payments	1244	259	147	112	7 (Error) £48,104
Housing Benefits to Taxi Drivers	159	51	43	8	-
Totals	5467	1855	1003	852	42 £78,689

- 6.5 The expectation from the Cabinet Office in relation to the above matches is that all “Recommended Matches” are investigated. Any requests for data from other local authorities are dealt with by Internal Audit in conjunction with service areas (where appropriate) to ensure compliance with the Data Protection Act 1998.
- 6.6 A visit from the Cabinet Office’s NFI Team has been requested to review progress and share learning and arrangements are currently being made to accommodate this. This is usual practice and assists the NFI Team to identify any issues with the data matches being provided.
- 6.7 The figures shown against the Data Set “Pensions to DWP Deceased Persons” highlights a saving of £24,841. The report matches records held by the DWP of deceased persons to the Fund’s Pension Payroll data. The resulting matches are where the Pension Fund is still paying a pension and the person has died. There is a timing difference in the number of matches that this report produces, as the data from the Fund is passed to the Cabinet Office at a point in time (October) and by the time the results are produced by the Cabinet Office (January), the Fund has already been notified of a significant number of the deaths. The number of cases where there has been an overpayment is 34 and the total overpayment is £24,841. The highest overpayment being £4,756. However, the Fund had already suspended 32 out of the 34 cases, due to having had payments returned or correspondence returned, but no proof or notification of death, until the NFI results.
- 6.8 The largest saving identified is £48,104 and relates to duplicate creditor payments. The initial investigations were undertaken by Internal Audit and the cases have now been passed to the Creditors Manager for recovery.

7. NAFN DATA AND INTELLIGENCE SERVICES

- 7.1 During the first 6 months of 2015/16 NAFN has faced its biggest challenge for many years. After a period of steady and sustained growth it has been impacted by the Government’s decision to transfer all housing benefit investigations to the Department of Work and Pensions (DWP). These investigations accounted for almost 60 per cent of enquiries in the last financial year. As a consequence the NAFN Executive Board reviewed strategic business options and decided to close the Brighton office and restructure the establishment to create a smaller team based in Tameside.
- 7.2 These major changes including the transfer of affected staff to the DWP have now been successfully delivered with the exception of two posts which still remain vacant at Tameside.
- 7.3 The revised Marketing Plan is now paying dividends as we are continuing to attract new members from both local authorities and housing associations. Weekly marketing emails are being despatched to all registered users outlining the various services on offer to all members as the NAFN subscription provides corporate membership.
- 7.4 NAFN are preparing for their AGM and Summit to be hosted in the Great Hall at the London Borough of Kensington and Chelsea on 20 November 2015. The theme of the event is the effective and lawful use of data and Intelligence and the keynote speaker is Robert Raines CBE who is part of the Investigatory Powers Review Team commissioned by the government to review access to communications data.
- 7.5 NAFN received an inspection by the Interception of Communications Commissioner’s Officer (IoCCO) in June 2015 at its UK North office here in Tameside. Once again NAFN emerged very well with the Inspectors satisfied that NAFN is acquiring communications data lawfully on behalf of its local authority (LA) members. They were very impressed with the processes adopted and the gatekeeper role that NAFN provides.

- 7.6 Table 8 below shows the requests received for the period April to September 2015 compared to the two previous years covering the main categories of enquiry received.

Table 8 – Performance Figures for NAFN April to September 2015

Type Of Request	April to Sept 2013/2014	April to Sept 2014/2015	April to Sept 2015/2016	% Increase (Decrease)
General	34,796	35,561	34,960	(2%)
SSFA	43,750	31,828	9,043	(72%)
CTRS	-	27	1,003	3,615%
POSHFA	-	1,099	1,978	80%
DVLA	18,367	12,270	7,219	(41%)
RIPA	867	2,071	544	(74%)
Online Requests	18,207	26,371	29,670	13%
TOTALS	115,987	109,227	84,417	(23%)

8. LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

- 8.1 On 13 August 2010, the Government announced its intention to abolish the Audit Commission and put in place new decentralised arrangements for the audit of local public bodies. The Local Audit and Accountability Act 2014 abolished the Audit Commission and established new arrangements for the audit and accountability of local public bodies.
- 8.2 Contracts were let by the Audit Commission to appoint firms to take over its in-house audit work from 2012/13 for a period of 5 years. These contracts remain in place.
- 8.3 Section 9 of the Local Audit and Accountability Act 2014 establishes the “Requirement to have an Auditor Panel” and Schedule 4 highlights “Further Provisions about Auditor Panels”. However, the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015, confirms that Section 9 and Schedule 4 are not yet in force and will not become so until the end of the transitional period - 31 March 2017. This aligns with the end of the current contract for external audit services. The regulations cover the role and composition of the Auditor Panel - which is only required if the Council is to procure its own external auditor.
- 8.4 The possibility exists for the Secretary of State to extend these contracts, and a decision is expected during autumn 2015 which will therefore delay the need to address the new regulations). Furthermore the Department for Communities and Local Government (DCLG) has asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to write guidance to support the establishment of auditor panels. It is expected this will also be made available in autumn 2015 (however, this may change, dependent on the decision regarding the status of the current external audit contracts).
- 8.5 A further update will be provided to the next meeting once the DCLG announcement is made public.

9. RECOMMENDATION

- 9.1 That members note the report and the performance of the Service Unit for the period April to September 2015.
- 9.2 Members approve the Revised Audit Plan for 2015/16 at **Appendix 1**.

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REVISED INTERNAL AUDIT PLAN 2015/2016 - OCTOBER 2015		
AUDIT AREA	PLANNED DAYS	REVISED PLAN
PEOPLE		
ADULTS		
Autism Innovation Grant	3	2
Shared Lives	15	18
Homecare	15	15
Planning and Control	15	15
Advice	5	5
Post Audit Reviews	4	0
PAR - Commissioning	0	3
Days Needed to Complete 2014/2015 Work (10.3 days)		
Planning and Commissioning Strategic Monitoring	3	5
Learning Disabilities Client Accounts	0	0
Follow Up Management Investigation Reablement	3	4
PAR Nursing Home Placements	4	4
PAR Out of Hours	1	1
	67	73
COMMUNITIES		
Supporting People - Contract Monitoring	15	15
Planning and Control	3	3
Advice	2	2
Post Audit Reviews	4	0
Days Needed to Complete 2014/2015 Work (11 days)		
Homelessness	11	13
	35	33
CHILDRENS		
Youth Offending Team	15	16
Youth Offending Control Report	0	2
Procurement of Placements	15	15
St Lawrence Road Control Report	0	2
Control Report Fostering	0	2
Transition from Childrens to Adults	0	1
PAR Payment for Contact/Emergency Payments	0	2
ISCAN short term care - Jubilee Gardens	15	20
Planning and Control	3	5
Advice	7	7
Post Audit Reviews	5	2
Days Needed to Complete 2014/2015 Work (11 days)		
Childrens Homes Rota System	2	2
PAR Childrens Social Care Petty Cash	1	1
Fostering	2	2
Investigation Control Report	7	7
	71	86

AUDIT AREA	PLANNED DAYS	REVISED PLAN
STRATEGY AND EARLY INTERVENTION		
Early Help Teams	15	0
Public Service Hub	15	18
Troubled Families	15	20
Planning and Control	2	3
Advice	3	3
Post Audit Reviews	5	2
Days Needed to Complete 2014/2015 Work (1.5 days)		
PAR Grafton Centre Control Report	1	1
PAR Childrens Centres	1	1
	57	48
PEOPLE TOTAL DAYS	230	240
PUBLIC HEALTH		
Ring-fenced Public Health Grant	6	6
Planning and Commissioning	15	0
Data Analysis and Interpretation	15	0
Information Governance Review	15	15
Planning and Control	3	3
Advice	2	2
Post Audit Reviews	3	0
Days Needed to Complete 2014/2015 Work (1 day)		
PAR Public Health - Contract Monitoring	1	1
PUBLIC HEALTH TOTAL DAYS	60	27
PLACE		
ENVIRONMENTAL SERVICES		
Bus Subsidy Grant	3	1
Severe Weather Grant	4	0
Local Transport Settlement Grant	6	5
Stores and Stock Control	15	15
Use of Corporate Vehicles	0	3
Planning and Control	4	4
Advice	4	4
Bus Lane Enforcement	0	2
Post Audit Reviews	9	0
PAR - Trade Waste	0	3
PAR - Transport Recharges	0	3
PAR - Vehicle Checks	0	2
PAR - Markets	0	3
Days Needed to Complete 2014/2015 Work (12.5 days)		
Bad Debt Write Off Control Report	1	3
Markets Income	5	10
Transport Recharges	3	4
Highways Maintenance and Management	2	3

AUDIT AREA	PLANNED DAYS	REVISED PLAN
Trade Waste	2	2
	57	65
DEVELOPMENT AND INVESTMENT		
Hattersley Collaboration Agreement - Audit Of Accounts	6	6
Enterprise Fund	10	8
Pinchpoint Grant	4	5
Section 106 Agreements/Developer Levy/Community Infrastructure Levy	15	15
Planning Process	15	0
Planning and Control	3	3
Advice	2	2
Post Audit Reviews	3	0
PAR - Hattersley Collaboration Agreement 13/14	0	2
Days Needed to Complete 2014/2015 Work (2.5 days)		
Hattersley Collaboration Agreement - Audit Of Accounts	1	1
PAR - Hattersley Collaboration Agreement 11/12 and 12/13	3	3
	61	44
ASSET AND INVESTMENT PARTNERSHIP		
Days Needed to Complete 2014/2015 Work		
Carillion	8	8
PAR Ashton Northern Bypass	2	2
PAR CCTV	2	0
Vision Tameside Advice and Consultancy	2	0
Planning and Control	3	3
Advice	1	1
Post Audit Reviews	2	0
	19	14
DIGITAL TAMESIDE		
Data Retention Policy	10	0
Transfer of Data Centre to Rochdale	25	12
Digital by Design	3	4
Advice - Tameside Digital Infrastructure Cooperative (TDIC)	1	0
Online Payments System System (Sign Off)	0	5
Mobile Phones (Security and Fleet Management)	10	10
Planning and Control	4	4
Advice	4	4
Post Audit Reviews	5	0
	62	39
PLACE TOTAL DAYS		
	199	163

AUDIT AREA	PLANNED DAYS	REVISED PLAN
GOVERNANCE AND RESOURCES		
FINANCE		
Review of Budget and Council Tax Resolution Reports	5	8
BCF - Pooled Budget Arrangements	20	20
General Ledger	20	15
Procurement	15	0
Review of Revenue Expenditure	15	10
Review of Financial Regs	1	0
Planning and Control	4	4
Advice	5	6
New Banking Arrangements	0	4
New Contract System	0	3
Post Audit Reviews	7	0
Days Needed to Complete 2014/2015 Work (10.5 days)		
Construction Industry Scheme	3	6
PAR - Bank Reconciliation Procedures	1	2
Treasury Management	3	4
Contract Monitoring - Telecommunications	3	7
Contract Monitoring - Energy	2	3
	102	92
EXCHEQUER		
Direct Payments	20	15
Cashiers	10	15
Determination and Recovery of Charges	15	0
Council Tax	15	0
Deferred Payment Policy	15	4
Planning and Control	6	6
Advice	8	8
Post Audit Reviews:-	8	0
Debtors	0	2
NNDR	0	2
Days Needed to Complete 2014/2015 Work (22.5)		
Council Tax	5	8
Debtors	1	1
NNDR	1	1
Creditors	14	28
PAR CTSS	1	0
PAR HB Data	3	4
	120	93
GOVERNANCE		
Other Payments to Staff	15	10
Use of Consultants	10	0
Overtime/Additional Payments	15	10
Hosting iTrent	5	0

AUDIT AREA	PLANNED DAYS	REVISED PLAN
Payroll	15	5
Registrars	5	3
Car Allowances	15	0
Planning and Control	10	10
Advice	10	8
Members Allowances Publication	0	1
Teachers Pension Scheme	0	6
Contract Checks Adults July	0	2
Review of Terms and Conditions Outputs	0	5
Post Audit Reviews	4	0
PAR Hays Agency	0	3
PAR TTC	2	3
Days Needed to Complete 2014/2015 Work (3 days)		
Payroll	3	11
	108	76
GOVERNANCE TOTAL DAYS	330	261
SCHOOLS		
Schools - Primary (30)	132	114
Fairfield Road	6	6
Moorside	6	8
Moorside Control Report	0	4
Greenside Primary	6	9
Yew Tree	6	8
St James Ashton	6	7
St Pauls CE Stalybridge	6	6
St Stephens CE Audenshaw	6	9
St Stephens RC Droylsden	6	9
Schools - High (1)	10	10
Schools ICT Security and Information Security	10	0
Schools Agresso Pilots	10	0
Schools Payroll Analysis	10	10
Schools Cash Flow/Deficit Recovery Plans	0	10
Planning and Control	15	15
Advice	16	16
St John Fisher Dinner Monies	2	2
SFVS	2	2
Post Audit Reviews	20	1
The Heys PAR	0	1
Cromwell PAR	0	1
Samuel Laycock PAR	0	2
Gee Cross Holy Trinity PAR	0	2
Bradley Green PAR	0	1
Corrie PAR	0	1
Moorside PAR	0	2
Parochial PAR	0	1
Oakdale PAR	0	1
Micklehurst Control Report	0	2

AUDIT AREA	PLANNED DAYS	REVISED PLAN
Yew Tree PAR	0	2
Gorse Hall PAR	2	2
Buckton Vale PAR	2	2
Lyndhurst PAR	1	1
Rosehill PAR	2	2
St Josephs RC PAR	2	2
St John Fisher PAR	2	3
St Christophers PAR	2	3
Astley PAR	0	1
Days Needed to Complete 2014/2015 Work (8 days)		
St Peters CE Final	1	1
Parochial Final	1	0
Oakdale Final	1	1
Hyde Community College PAR	0	0
Lyndhurst PAR	1	1
Bradley Green	1	1
Waterloo PAR	1	0
Corrie Primary	1	1
Leigh Primary PAR	1	0
Longdendale 2nd PAR	2	4
St Thomas More PAR	1	1
Thomas Ashton PAR	1	1
Arundale PAR	0	0
St John Fisher Control Report	0	0
SCHOOLS TOTAL DAYS	293	286
CROSS CUTTING		
DBS process	15	15
Recruitment and Selection at Schools	15	0
Review of ICT within Service Areas	0	10
Contract Management/Monitoring	10	0
NFI - 2014/15	0	13
CROSS CUTTING TOTAL DAYS	40	38
GMPF		
Contribution Income	15	15
Review Key Financial Systems	15	15
Local Investments	10	0
No1 St Peters Square	5	6
Transfer of Assets to Investec	5	7
Pension Benefits	15	15
Admitted Bodies	15	15
Visits to Contributing Bodies	25	40
Trivial Commutations	10	0
Transfers to DC Schemes	10	11
Review of Admin Processes	10	8
Vulnerability Management	0	5
Local Pensions Board	5	5
Risk Management Review	15	0

AUDIT AREA	PLANNED DAYS	REVISED PLAN
Irregularity Investigations	5	5
Planning and Control	15	15
Advice	10	15
Annual Allowance issue	0	1
Altair Access	0	1
Post Audit Reviews	15	0
General Ledger PAR	0	2
PAR Wigan visit	0	2
PAR Contribution Income	0	2
PAR Pension Payroll	0	2
PAR Asset Transfers	0	1
PAR Property Contract	0	2
Unitisation	15	0
MoJ Project	30	19
Contingency	25	0
Days Needed to Complete 2014/2015 Work (30 days)		
Contribution Income	1	1
PAR - CIS	3	4
New Property Contract	14	25
Pension Benefits Payable	4	3
PAR - Visit Salford	1	2
MoJ Asset Valuation	8	8
MoJ Payroll Reimbursements	1	2
GMPF TOTAL DAYS	300	250
CONTINGENCY DAYS		
Contingency Days	10	5
CONTINGENCY TOTAL DAYS	10	5
DAYS REQUIRED FOR PLANNED WORK	1462	1270
DAYS REQUIRED FOR FRAUD WORK	475	475
TOTAL DAYS REQUIRED	1937	1745

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